

I. GENERAL PROVISIONS

A. Charitable Gaming

- Bingo, charity game tickets, raffles, and games at charity fundraising events conducted for fundraising purposes by charitable organizations. KRS 238.505(2).
- Charitable gaming shall not include slot machines, electronic video gaming devices, wagering on live sporting events, or simulcast broadcasts of horse races. KRS 238.505(2).
- A charitable organization is a nonprofit entity organized for charitable, religious, educational, literary, civic, fraternal, or patriotic purposes. KRS 238.505(3).
- Any organization conducting charitable gaming in Kentucky has to be licensed by the Department. KRS 238.535(1).

B. Location of Gaming

- Charitable gaming must be conducted by a licensed charitable organization at the location, date, and time which shall be stated on the license. KRS 238.540(1).

C. License displayed

- The license to conduct charitable gaming must be prominently displayed. KRS 238.540(3).

D. Chairperson

- Any officer, member, or employee of a licensed charitable organization who will be involved in the management and supervision of charitable gaming as designated in the organization's charitable gaming license application. KRS 238.505(24); KRS 238.540(4).
- The Chief Executive Officer is automatically a chairperson. KRS 238.505(24).
- An organization must have at least two (2) chairpersons other than the CEO. KRS 238.535(9) (g).
- An organization may have as many chairpersons as it wishes. KRS 238.535(9) (g).

- You can only be a chairperson for one (1) organization at a time. KRS 238.540(4).
- At least one (1) chairperson must be at each gaming activity and be responsible for the administration and conduct of the activity. KRS 238.540(4).
- The chairperson must:
 - Be in charge of the licensed gaming occasion;
 - Supervise and direct all volunteers; and
 - Be responsible for assuring the proper receipt and recording of gaming funds. 820 KAR 1:055 Section 3 (2).
- The chairperson shall be readily identifiable as the chairperson and shall be present on the premises continuously during the gaming activity. KRS 238.540(4).

E. Volunteers

- Anyone can volunteer for an organization. You do not have to be a member. KRS 238.540(4).
- All volunteers have to be readily identifiable as a volunteer. KRS 238.540(4).
- All volunteers involved in charitable gaming must be trained in the proper conduct of the game and the control of funds. 820 KAR 1:036 Section 1 (1); 820 KAR 1:046 Section 1 (1); 820 KAR 1:055 Section 3 (1); 820 KAR 1:057 Section 2 (1).
- A volunteer at a gaming occasion at which pulltabs are sold cannot purchase or play pulltabs at that occasion except for a charity fundraising event. 820 KAR 1:036 Section 1 (5).
- At a charity fundraising event, a volunteer may purchase or play pulltabs on a day the volunteer did not work and from a deal the volunteer did not sell. 820 KAR 1:036 Section 1 (5).
- A volunteer at a bingo session cannot play bingo unless their duties are finished. If they start playing bingo, they cannot volunteer for the rest of the night. 820 KAR 1:046 Section 1 (7).

F. Compensation

- Volunteers cannot receive any compensation for services related to the gaming activities, including tipping. KRS 238.540(4).
- No net receipts derived from gaming can inure to the private benefit or financial gain of any individual. KRS 238.540(4).

- Any effort or attempt to disguise any other type of compensation or private inurement is considered an unauthorized diversion of funds and shall be actionable under the criminal penalty section. KRS 238.540 (4).
- An organization must do one (1) or more of the following to inform the public that its volunteers are unable to accept tips or other forms of gratuitous conduct:
 - Post signs in a conspicuous location that volunteers are not permitted to accept tips;
 - Include a notation in a conspicuous location on an occasion program that volunteers are not permitted to accept tips; or
 - Make an announcement immediately prior to the beginning of the charitable gaming session or event that volunteers are not permitted to accept tips. 820 KAR 1:060 Section 1 (1).
- Organizations can do the following for its volunteers:
 - Provide up to \$10 worth of food and drink per day to be consumed on the premises where charitable gaming occurs;
 - Provide any identifying article of clothing that is worn by the volunteer while volunteering for the organization; or
 - In a raffle, award any non-cash item whose fair market value is not more than \$25 to volunteers upon achievement of predetermined goals in the conduct of a raffle (who ever sells the winning ticket, who ever sells the most tickets, etc). 820 KAR 1:060 Section 1 (2) & (3).
- Organizations have to report what they spend on volunteers on the financial report. 820 KAR 1:060 Section 1 (4).
- It creates a rebuttable presumption of compensation if a person volunteers at more than 4 gaming occasions a week excluding charity fundraising events. 820 KAR 1:060 Section 2 (1).
- It creates a rebuttable presumption of compensation if a person volunteers at more than four (4) special limited charitable fundraising events per year. 820 KAR 1:060 Section 2 (2).

G. No consultants

- You cannot use a management company, service company, or consultant to manage or conduct any aspect of charitable gaming. KRS 238.540(5).

H. Must Use Licensed Distributor

- You must obtain your gaming supplies from a distributor that is licensed by the Kentucky Department of Charitable Gaming. KRS 238.540(6).

I. Cannot Get Prizes Donated from facility, distributor or manufacturer

- Merchandise prizes cannot be donated by a licensed manufacturer, distributor, charitable gaming facility, or any of their owners, officers, employees, contractees, affiliates, or members of their immediate families. KRS 238.540(7).

J. Advertisement

- All advertisements regarding charitable gaming must have your name and license number. KRS 238.540(5).
- You cannot advertise a bingo prize in excess of \$5,000 per 24 hour period. KRS 238.540(8).
- You can advertise pulltab, raffle, or any other game prize at any amount.

K. Calendar

- "Week" means a seven (7) day period beginning on Sunday and ending Saturday. 820 KAR 1:001 Section 1 (77).
- "Year" means calendar year except in regard to how many charity fundraising events or special limited fundraising events can occur and then it means license year. 820 KAR 1:001 Section 1 (78).

L. Gaming Occasion

- "Gaming occasion" means an event at which charitable gaming takes place, such as a bingo session, a charity fundraising event, a special limited charity fundraising event, a sale of pulltabs, or a sale of raffle tickets. 820 KAR 1:001 Section 1 (34).

M. House Rules

- If the organization has house rules concerning its gaming occasion, the house rules must:
 - Be posted in at least two (2) conspicuous locations at the gaming occasion and announced prior to the commencement of the gaming occasion, or be listed on the program;

- Not conflict with the statute or administrative regulations;
 - Be followed; and
 - Include the organization's name and license number.
- 820 KAR 1:036 Section 1 (6); 820 KAR 1:046 Section 1 (8).

N. Gaming Inspections

- A compliance officer, investigator, auditor or any other employee authorized by the Department may inspect the conduct of gaming by a licensed or exempt organization to ensure that it complies with all the statutes and administrative regulations of the Department. 820 KAR 1:125 Section 1.

O. Age limit for playing and volunteering

- Bingo (KRS 238.545 (1)(a))
 - A person under eighteen (18) years of age cannot play unless accompanied by a parent or legal guardian and can only win a noncash prize ten (\$10) dollars or under.
 - They can work bingo.
- Pulltabs (KRS 238.545 (2))
 - A person under eighteen (18) years of age cannot play pulltabs.
 - They can sell pulltabs.
- Special limited games (KRS 238.545(4)(e))
 - A person under eighteen (18) years of age cannot play a special limited game or work an event.
- Raffles or Charity fundraising event games
 - A person under eighteen (18) years of age can buy and sell raffle tickets or work and play charity fundraising event games unless a house rule states otherwise.

P. Delivery of Gaming Supplies

- A distributor may deliver gaming supplies to an agreed place or to an identified person. 820 KAR 1:032 Section 11 (2); 820 KAR 1:042 Section 5 (2).
- If they deliver to a person, the person must sign the invoice. 820 KAR 1:032 Section 11 (2); 820 KAR 1:042 Section 5 (2).
- If they deliver to a place, it must be secure. For instance, a distributor can put your gaming supplies into your storage locker but cannot leave them outside the locker. 820 KAR 1:032 Section 11 (2); 820 KAR 1:042 Section 5 (2).

- If the distributor places them in your locker, the invoice is presumed to be correct unless challenged within seven (7) days of delivery. 820 KAR 1:032 Section 11 (2); 820 KAR 1:042 Section 5 (2).
- Any challenge to an invoice must be made in writing to the distributor and a copy must be sent to the Department. 820 KAR 1:032 Section 11 (2); 820 KAR 1:042 Section 5 (2).

Q. Storage of Gaming Supplies

- You must maintain your gaming supplies in a location separate from another organization's gaming supplies. This location must be locked and access must be controlled. 820 KAR 1:036 Section 1 (4); 820 KAR 1:046 Section 1 (6).
- If someone can get in the storage area with little effort, access is not controlled.
- A distributor representative may have a key to the locked storage but a facility manager should not have a key. Normally, an organization would not have access to each other's storage.
- You cannot store an extra set of bingo balls at the caller's stand. They should be stored with the other charitable gaming supplies. 820 KAR 1:046 Section 1 (6).

R. Gaming at Same time

- More than one (1) charitable organization cannot conduct gaming at the same time and location as another charitable organization except for a licensed charity fundraising event. 820 KAR 1:046 Section 1 (4).

S. Defects and Recalls

- If you discover a defect in the packaging or construction of a pulltab, you should report it to the distributor within 15 days. 820 KAR 1:032 Section 12 (1).
- The distributor must correct the defect or replace the defective items within a reasonable time, if possible. 820 KAR 1:032 Section 12 (1).
- If they do not, you should contact the Department.

II. LICENSING RULES

A. Exempt Organizations

- A complete, accurate, and verifiable CG-EXE must be submitted at least 30 days prior to the expected date of gaming. 820 KAR 1:005 Section 1 (1).
- The form will not be considered complete until all deficiencies are resolved. 820 KAR 1:005 Section 1 (2).
- If the organization does not respond to a deficiency request within 30 days, the form will be deemed withdrawn and the organization cannot game. 820 KAR 1:005 Section 1 (3).
- The Department will issue a “Notification of Exemption” if the organization has submitted a complete form and meets the requirements for licensure. 820 KAR 1:005 Section 1 (4).
- The organization is not required to file an additional exemption request form with the Department if the gaming activities of the organization remain exempt. 820 KAR 1:005 Section 1 (5).
- The organization must notify the Department of any changes in the information contained on the form within 30 days. 820 KAR 1:005 Section 1 (6).
- An organization possessing an exemption must file an annual report with the Department before December 31 of each year. KRS 238.550(5); 820 KAR 1:005 Section 1 (7).
- The failure to file the report constitutes grounds for revocation of the exemption. KRS 238.550(5).

B. Annual license

1. Licensing Qualifications

- In order to qualify for a license an organization must:
 - Have a 501 (c)(3), (4), (8), (10), or (19) exemption from the IRS; OR be a common school, an institution of higher education, or a state college or university;
 - Be established and continuously operating from an office in Kentucky for charitable purpose, other than for the conduct of gaming, for a period of three (3) years prior to the application for license;
 - Have been actively engaged in charitable activities during the three (3) years immediately prior to

- application and be able to demonstrate to the satisfaction of the Department, reasonable progress in accomplishing its charitable purposes during this period; and
 - Have maintained an office or place of business, other than for the conduct of charitable gaming, for one (1) year in the county in which charitable gaming is to be conducted. KRS 238.535(8).
 - Exception to the rule that the office must be in Kentucky for three (3) years:
 - An organization that operates for charitable purposes in more than 10 states and whose principal place of business is physically located in a state other than Kentucky may satisfy the requirements if it can document that it has:
 - Been actively engaged in charitable activities and has made reasonable progress within Kentucky for three (3) years; and
 - Had an office in Kentucky in the county where it proposes to conduct gaming for one (1) year. KRS 238.535(8)(b).

2. Reasonable progress

- “Reasonable progress” means the regular and uninterrupted conduct of activities within Kentucky or the expenditure of funds within Kentucky to accomplish relief of poverty, advancement of education, protection of health, relief from disease, relief from suffering or distress, protection of the environment, conservation of wildlife, advancement of civic, governmental, or municipal purposes. KRS 238.535(8) (c).
- In order to demonstrate reasonable progress in accomplishing its charitable purposes when applying to renew an existing license, a licensed charitable organization must provide to the Department a detailed accounting regarding its expenditure of charitable gaming net receipts for the purposes described in this paragraph. KRS 238.535(8) (c).
- A licensed organization must expend net receipts exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, or patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax exempt status, or consistent with its status as a common

school, an institution of higher education or a state college or university. KRS 238.550(4).

3. County requirement

- Once the license is granted, the organization must hold all of its charitable gaming events in the county in which its license was issued except it may hold a raffle, a charity fundraising event, or a special limited charity fundraising event in a different county. KRS 238.535(8) (d).

4. Criminal History

- Applicants for organization licenses are subject to a state criminal history background check and may, if deemed reasonably necessary, be subjected to a national criminal history background check with the assistance of the Kentucky State Police and the FBI. KRS 238.525(3).
- The criminal history background check applies to the CEO, the CFO, or director of an applicant; any employee or member of an applicant who has been designated as chairperson; and the applicant itself. KRS 238.525(3).
- Fingerprints are required for the national background check. KRS 238.525(3).
 - For an organization, the following persons are required to submit a fingerprint card if they reside out of state: 820 KAR 1:015 Section 1 (6).
 - The CEO;
 - The CFO; and
 - Each chairperson.
- The Department may charge a reasonable fee not to exceed the actual cost of fingerprinting and records searching. KRS 238.525 (3).
- The organization cannot be licensed or maintain a license if an individual associated with the organization or the organization itself has been convicted within the last ten (10) years of:
 - A felony;
 - Two misdemeanors; or
 - Whether a felony or misdemeanors:
 - A gambling offense;
 - Criminal fraud;
 - Forgery;
 - Theft;

- Falsifying business records; or
- Falsifying business records of a license charitable organization. KRS 238.525(4).

5. Application

- You must submit a complete, accurate, and verifiable application at least sixty (60) days prior to the expiration of your license or the expected date of gaming. 820 KAR 1:015 Section 1 (1).
- An application will not be considered complete until all the deficiencies are resolved. 820 KAR 1:015 Section 1 (2).
- If you do not file a written response to a deficiency request within thirty (30) days or do not provide the requested documents, the application will be deemed withdrawn. 820 KAR 1:015 Section 1 (3).

6. Helpful Hints for completing the application

- You must send in a \$25 processing fee.
- You will be invoiced for the remaining fee, and the fingerprint and criminal history charge after the application is processed.
- If a question does not apply to your organization, please mark the answer “N/A.”
- Make sure all officers of the organization, as shown in the by-laws for your organization, are listed on the license application.
- When listing a chairperson, please mark whether they are a member or employee of the organization.
- Both the chief executive officer and the chief financial officer of the organization must sign the tax authorization form (Form CG-1A).
- The Department evaluates your organization based on your structure as outlined in your by-laws.
- One of the main causes for a deficiency letter is that an organization does not clearly describe how it has generated money or how it has spent the money to further its charitable purpose.
- The following is a guideline of what a license reviewer is expecting when reviewing an application.
 - For example, last year your organization generated \$1,500.00 in dues, \$10,000 in grants, \$2,000 in donations, \$3,000 from an event, \$750 in bake sales, and \$25,000 in charitable gaming.

Your answer to (10)(a) on the license application should look like this:

Description of Revenue	1 year prior
Dues	\$1,500
Grants	\$10,000
Donations	\$2,000
Activities/Events	\$3,000
Sale of Items	\$750
Gaming	\$25,000

- For example, last year your organization spent \$20,000 in scholarships, \$12,250 in assistance to the needy, \$5,800 in office equipment and supplies, \$3,400 in utilities, and donated \$1,600 to another organization that was consistent with their charitable purpose. Your answer to (10)(b) on the license application should look like this:

Description of Disbursement	1 year prior
Scholarships	\$20,000
Assistance to the Needy	\$12,250
Office Equipment/Supplies	\$5,800
Utilities	\$3,400
Donations	\$1,600

7. Licensing inspections

- The Department will verify the information contained in the application by an office inspection. 820 KAR 1:017 Section 1 (1).
- The organization must be able to demonstrate its establishment and reasonable progress by independent and verifiable information. 820 KAR 1:017 Section 1 (1).
- This information may include contracts or leases, utility bills, records maintained by the parent organization, bank records, and any other records that are appropriate. 820 KAR 1:017 Section 1 (1).
- The inspection will be completed by appropriate Department personnel who will file a report. 820 KAR 1:017 Section 1 (4).

8. Issuance

- Once the Department has received a complete application, it will grant or deny the license within sixty (60) days. 820 KAR 1:015 Section 1 (4).
- The annual license term is for 1 year from the effective date of the license. 820 KAR 1:015 Section 1 (4).
- The Department will issue a license if:
 - The applicant has met the requirements;
 - Paid all fees and fines;
 - Filed all reports required;
 - Filed an acceptable financial plan if required; and
 - Complied with all terms and conditions of any applicable settlement agreement or probationary terms.820 KAR 1:015 Section 1 (5).

9. Changes

- If you want to change the date, time, or location of a gaming session, you must submit a written request signed by an officer and a lease, if applicable, for the gaming location to the Department by U.S. postage prepaid mail, hand-delivery, electronic mail, or facsimile transmission prior to the date of the requested change. 820 KAR 1:015 Section 4 (1) (a).
- The Department will process this request and issue or deny a license within ten (10) days. 820 KAR 1:015 Section 4 (1) (b).
- You cannot engage in gaming at the requested date, time, or location change if the new license has not been received. 820 KAR 1:015 Section 4 (1) (c).
- If you want to change any other information contained in the license application, you must submit those changes in writing no later than thirty (30) days after the change is made. The change request must be signed by an officer. 820 KAR 1:015 Section 4 (2).

10. Fees

Licensing Processing Fee	\$25
New License Fee	\$100 - \$25 processing fee
Renewal Fee	\$100, \$200 or \$300 (based on gross receipts from last year) - \$25 processing fee
Criminal History	\$10
Fingerprint	\$24 now - \$19.25 10/7/07
Form CG-Schedule A (charity fundraising event license)	\$25
Day, Time or Location Change	\$25
Raffle Drawing Change	\$25
Officer/Chairperson/Other info Change	Subject to KSP background and FBI fingerprint fee

- A nonrefundable processing fee of \$25 must accompany each application for licensure and is credited against the amount of the annual license fee. 820 KAR 1:015 Section 1 (2).
- The annual license cannot be issued until the license fee is paid in full. 820 KAR 1:015 Section 1 (3).
- The annual license fee for an organization is:
 - \$100 for an organization upon initial application or one with gross receipts not in excess of \$100,000;
 - \$200 for an organization with gross receipts between \$100,000 and \$250,000; and
 - \$300 for an organization with gross receipts over \$250,000.820 KAR 1:015 Section 3 (1).
- The Department charges a renewal fee which does not exceed the license fee. KRS 238.525(1).

11. Contracts and Leases

a. Statutory requirements

- KRS 238.555(4) sets forth the requirements for a facility lease.
- The statute requires the facility to provide the following services to the charity:
 - Gaming space;
 - Utilities;
 - Insurance for the premises;
 - Parking;
 - Tables and chairs, and other non gaming equipment necessary for the conduct of charitable gaming;
 - Adequate storage space;
 - Security; and
 - Janitorial services.
- These costs must be itemized in the lease.
- The charity can provide those services for itself, and the lease must clearly allow the organization to choose which services it will provide for itself.
- If the charity opts out of any of the services, the facility is legally obligated to provide, the facility must reduce the rent accordingly.
- The rent charged to the charity must be reasonable, based on the market standards for the area where the facility is located.
- The facility is not allowed to charge your organization rent based on a percentage of the gross income or net receipts your organization derives from gaming, or based upon the number of people that might attend a particular session.
- You must obtain a lease even from a facility that is not a licensed charitable gaming facility. For example, a person with a large building agrees to allow your organization to game there. Your charity will be the only one using the building for gaming. The owner of the building does not have to obtain a facility license from the Department of Charitable Gaming, as only one (1) charity will be gaming there, but you still must execute a lease with the building owner.

b. Lease terms are negotiable

- You are free to negotiate with the facility owner any terms to which you and the owner may agree.

- You can negotiate “perks” into your contract.
- Some perks may be:
 - **Graduated rent.** You are free to negotiate smaller initial rent payments. For example, the first month’s rent is waived, and your charity may pay a reduced rent for the next few months, until a certain number of months pass.
 - **Free Gaming Sessions.** You might negotiate, for example, four free gaming sessions per year.
 - **Donations to your charity by the facility.** You might negotiate a provision in which the facility would make a donation to your charity if you continued to game at the facility for a certain period of time and you remained current in your lease payments. The facility would, in effect, be rewarding you for being a good lessee.

c. Review facility lease before signing

- Take your time when considering whether to sign a lease.
- Review the lease terms away from the facility owner. Do not be pressured into signing a lease.
- Know exactly what each term means in a lease before you obligate your organization by signing it.
- If you have any questions, please consult your attorney. It is better to pay a lawyer a small fee to review the terms of a lease and advise you properly than for you to sign an agreement in ignorance.
- Understand the provisions in regards to changing the lease and/or terminating the lease if you want to make changes to your gaming after the lease is signed. For instance, what if:
 - You want to quit doing bingo, drop a session, or move to another facility; or
 - Your license is suspended; or
 - The facility’s license is suspended.
- The Department has seen leases with:
 - Non-compete agreements that state that if the organization does not game at this facility, it cannot game anywhere for one (1) year; or

- Long termination provisions that require the organization to give the facility six (6) months notice if they want to terminate the lease.
- A signed lease is a valid and enforceable document. If you sign a lease, you will be held to its terms, and may be sued if you break the agreement.

d. Review distributor lease before signing

- You can use any distributor you want for all gaming supplies, even card-minding devices.
- You may use multiple distributors.
- All distributors will deliver to you.

III. BINGO

A. Weekly Bingo Sessions

- You can have one (1) bingo session per day for a period not to exceed five (5) hours. You can have two (2) bingo sessions per week for a period not to exceed five (5) hours in any day and ten (10) hours per week. KRS 238.545(1) (a).
- You cannot conduct bingo at more than one (1) location during the same twenty-four (24) hour period. KRS 238.545(1)(a).
- You cannot award prizes for bingo that exceed \$5,000 in fair market value per twenty-four (24) hour period including the value of door prizes. KRS 238.545(1) (a).

B. Blower and Flashboard (Selection and Display Devices)

- "Bingo ball"
 - A ball imprinted with numbers and letters which is used in the selection process of a bingo game;
 - You should have an extra set of bingo balls;
 - You cannot store an extra set of balls on the caller's stand.820 KAR 1:001 Section 1 (3).
- All bingo balls used in the machine or other device shall:
 - Be of the same size, shape, weight, and balance;
 - Have all other characteristics that control their selection the same; and
 - Be clean and free of defects.820 KAR 1:044 Section 1 (3).
- "Selection device" means a device that:
 - May be operated manually or automatically; and
 - Is used to randomly select bingo numbers.820 KAR 1:001 Section 1 (66). This is the bingo machine.
- "Selection pool" means the bingo numbers in a selection device that have not been selected. 820 KAR 1:001 Section 1 (67). This is usually the balls in the blower.
- "Bingo machine" means a type of selection device with a receptacle for the unselected bingo balls, a blower for selecting the balls, and a ball tray that contains seventy-five (75) holes in which to place the ball once it is called. 820 KAR 1:001 Section 1 (3).
 - There is a chip in the blower that verifies bingo paper. If you are having trouble verifying your paper, you may want to have

the distributor check the chip in the machine to make sure that it will verify the paper you use.

- "Flashboard" or "display board" means a board that displays the bingo numbers called. 820 KAR 1:001 Section 1 (30).
- It is the organization's responsibility to maintain the bingo machine and the flashboard.
- The Department may inspect bingo machines and other selection devices, flashboards and other display devices, and other bingo equipment used in the selection and display of game numbers at any reasonable time. 820 KAR 1:044 Section 1 (1).
- Equipment must be designed to produce randomness and be free of any defects when used in a bingo game. 820 KAR 1:044 Section 1 (2).
- An organization cannot use a selection or display device with a defect that was apparent at the beginning of the session. 820 KAR 1:044 Section 1 (3).

C. Bingo Paper

1. General Information

- An organization can only sell bingo paper conforming to the requirements of the regulation. 820 KAR 1:042 Section 1 (2).
- "Face" means a paper or an electronic representation containing:
 - Five (5) rows of five (5) squares with numbers or symbols;
 - A free center space;
 - The letters "B", "I", "N", "G", "O" printed in order in or over the five (5) columns; and
 - A unique perm number identifying each face.820 KAR 1:001 Section 1 (27).
- "Perm number" means the number located on a bingo face that identifies the unique pattern of numbers appearing on that face. 820 KAR 1:001 Section 1 (49).
- "Disposable paper bingo face" means a nonreusable bingo face assembled in a single sheet, multiple face sheet, pad, or pack form. 820 KAR 1:001 Section 1 (22).
- "Hard card" means a reusable card bearing a bingo face or faces. 820 KAR 1:001 Section 1 (36).
- "Serial number" means a number assigned by the manufacturer to track the individual product. 820 KAR 1:001 Section 1 (68).

- A serial number cannot be repeated by the same manufacturer within one (1) year. 820 KAR 1:042 Section 2 (4).
- "Series number" means the number of unique faces contained in a series. 820 KAR 1:001 Section 1 (69).
- "Set" means a case or cases of paper that contain one (1) of each face in a series. 820 KAR 1:001 Section 1 (70).
- The price for each type of bingo sheet, pack, or package must be listed on the bingo program. 820 KAR 1:046 Section 1 (13).
- If an organization sells the same paper packs or paper sheets for different prices, the packs or sheets must be distinguishable by serial number. 820 KAR 1:046 Section 1 (17).
- Bingo paper must be used during the bingo session for which it was purchased. 820 KAR 1:046 Section 1 (14).
- An organization cannot allow a player to carry over purchased but unused bingo paper to another session. 820 KAR 1:046 Section 1 (14).
- An organization cannot allow a player to play bingo paper that was not purchased at that session (except for Braille cards). 820 KAR 1:046 Section 1 (15).
- The organization cannot copy or cut paper. 820 KAR 1:046 Section 1 (12); 820 KAR 1:046 Section 1 (16).
- The organization cannot reserve bingo paper or card-minding devices for any player. 820 KAR 1:046 Section 1 (3).

2. Sheet

- "Bingo paper sheet" means a single piece of paper on which one (1) or multiple bingo faces are printed. 820 KAR 1:001 Section 1 (7).

3. Pack

- "Bingo paper pack" means a group of bingo paper sheets that are manufactured, collated, and sold by the manufacturer as a unit. 820 KAR 1:001 Section 1 (5).
- Individual bingo paper sheets in a pack cannot be sold as individual bingo paper sheets. 820 KAR 1:046 Section 1 (10).

4. Package

- "Bingo paper package" means a group of bingo paper sheets or packs that are assembled together by an organization for sale at a gaming

occasion that becomes a unique item for sale with a specific price. 820 KAR 1:001 Section 1 (6).

- The items in the package cannot be sold individually unless a separate serial number is used. 820 KAR 1:046 Section 1 (19).

5. Bundle

- "Bundle" means to price a certain amount of bingo paper faces for a certain price with the patron choosing the type of packs that make up the total faces, i.e., 36 faces for \$20. 820 KAR 1:001 Section 1 (9).
- You cannot sell bingo paper in a bundle. 820 KAR 1:046 Section 1 (18).

6. Sets

- Each set of bingo paper is comprised of faces bearing the same serial number on the top sheet of the pack. 820 KAR 1:042 Section 2 (4).
- You must buy a complete set of paper and use that paper before starting another set. 820 KAR 1:046 Section 1 (11).

7. Pre-selling Paper in Back to Back Sessions

- If an organization games in back to back sessions, it may pre-sell paper for the second session as long as a different set of paper is used with a different color or border and a different serial number. 820 KAR 1:046 Section 1 (20).
- The money from the pre-selling of paper must be deposited with the second session receipts and the sales recorded on the second session gaming occasion records. 820 KAR 1:046 Section 1 (20).
- If the price for the pre-sold paper is discounted, the organization must list this discount on the gaming occasion program and use a third set of paper with a different serial number. 820 KAR 1:046 Section 1 (20).

D. Rules of Play

1. Braille Cards

- You can have available Braille cards for blind players. 820 KAR 1:046 Section 1 (3).
- Braille cards are not considered gaming supplies and equipment and may be purchased from ordinary sources of supply. 820 KAR 1:046 Section 1 (3).

- If the organization does not have Braille cards available, blind players may use their own cards. 820 KAR 1:046 Section 1 (3).
 - You may charge the patron whatever you wish for them to play. Record these receipts under “Other” on the worksheet.

2. Canceling a bingo session

- If a bingo session is cancelled once it has started, an organization may refund a portion of the purchase price of the bingo paper or card-mining device. An organization cannot continue the session or award the prizes at a later date. 820 KAR 1:046 Section 1 (5).

3. Bingo Ball verification

- Every ball in the bingo machine or other selection device must be placed out for verification at the start and at the end of each bingo session. 820 KAR 1:046 Section 1 (9).

4. Players present

- All players must be physically present at the location where the bingo game is held in order to play the game or claim a prize offered. 820 KAR 1:046 Section 2 (1).

5. Session starts

- The bingo session starts when the balls are verified. The balls must be verified before the pickle jar, bonanza ball, or hot ball is selected and called. 820 KAR 1:046 Section 2 (2).

6. Pickle Jar, Bonanza ball, or Hot ball

- "Pickle jar, bonanza ball, or hot ball" means games played in conjunction with other bingo games in which:
 - A bingo ball is selected by the selection device prior to the start of certain bingo games or all bingo games; and
 - A patron is awarded the amount of money associated with the pickle jar, bonanza ball, or hot ball, if the selected bingo ball is called, and because of that selected ball being called, a patron wins the bingo game being played.

820 KAR 1:001 Section 1 (50).

- If the organization gives an additional prize if a patron wins on a certain number, the rules of play including how it is awarded at the maximum payout and cost to enter shall be listed on the bingo

program. These numbers may be selected and posted before the first game is called. 820 KAR 1:046 Section 3.

7. Break Open Bingo (commonly known as “Bonanza”)

- "Break open bingo" means a bingo game in which the numbers on the face are hidden until after purchase. 820 KAR 1:001 Section 1 (8).
- A break open bingo game begins when, in the presence of players attending the bingo occasion, the organization calls and posts, either manually or by use of a flashboard, a predetermined quantity of randomly selected bingo numbers from a selection device or a separate bingo number container. 820 KAR 1:046 Section 4 (1).
- If a flashboard is used, these numbers must be posted on a separate board than the regular bingo board unless the regular board is capable of keeping track of these numbers separately. The balls must then be placed back into the selection pool until the game is played on the program. 820 KAR 1:046 Section 4 (1).
- Sealed bingo paper sheets for a break open game may be sold throughout the bingo occasion. 820 KAR 1:046 Section 4 (2).
- Additional bingo paper sheets for a break open game cannot be sold after the organization resumes calling letters and numbers when the game is played on the program. 820 KAR 1:046 Section 4 (2).
- An organization may allow players to trade break open bingo faces for new faces. 820 KAR 1:046 Section 4(3).
- If the charitable organization allows players to trade break open bingo faces for new faces, two (2) sets of the game faces must be maintained. One (1) set will be known as the “original set” and must be of a different serial number than the second set, known as the “trade in” set. 820 KAR 1:046 Section 4 (4).
- An organization must list the price of the original set and the trade in set on the bingo program. 820 KAR 1:046 Section 4 (5).
- The program must also state how the game is played, i.e., odd or even. 820 KAR 1:046 Section 4 (5).

8. Player Pick

- "Player pick bingo" means that the patron picks the numbers which constitute a bingo on his or her face or faces and a machine prints those numbers on the bingo face before the game is played. 820 KAR 1:001 Section 1 (51).

- The player selects numbers between 1 and 75. A player cannot select more than five (5) numbers in each column. The player may allow the machine to select the numbers. 820 KAR 1:046 Section 5 (1).
- Duplicate numbers cannot be played on a purchased face. If duplicate numbers appear on a face, the card is void. 820 KAR 1:046 Section 5 (2).
- Once selected, the machine will print a face with the selected numbers. 820 KAR 1:046 Section 5 (3).
- The faces must conform to the construction and randomization standards set forth in the regulations. 820 KAR 1:046 Section 5 (4).
- The price of each face and the amount of numbers that will be chosen must be listed on the bingo program. 820 KAR 1:046 Section 5 (5).
- The numbers are daubed as the balls are called. 820 KAR 1:046 Section 5 (6).
- A player wins if he or she is the first person to cover the numbers. 820 KAR 1:046 Section 5 (7).
- The organization can pre-print faces to sell. The organization must void all the faces it did not sell.
- It is recommended that the machine's "end of the night report" be printed and kept with the session records.

9. Continuation Game

- "Continuation game" means a multipart bingo game in which more than one (1) game with more than one (1) pattern may be played on one (1) bingo paper sheet. 820 KAR 1:001 Section 1 (17).
- Multiple patterns may be played on one (1) bingo face. Each portion of the continuation game is considered a single bingo game even though the bingo balls are not returned to the selection pool after a winner is determined and verified. 820 KAR 1:046 Section 6 (1).
- Each winning pattern is verified independently. 820 KAR 1:046 Section 6 (2).

10. Progressive Bingo

- "Progressive bingo" means a bingo game in which the value of the prize is carried forward to the next bingo occasion if no player wins at that session. 820 KAR 1:001 Section 1 (53).
- Progressive bingo prizes must be included in the \$5,000 payout limit on the night the prize is awarded. 820 KAR 1:046 Section 7 (1) (a).

- All receipts on progressive bingo games are reported to the Department as gross receipts for the date collected. 820 KAR 1:046 Section 7(1).
- Once a progressive bingo game has been started, the game must be played in the same manner at every occasion until the prize is awarded. The jackpot prize must be offered at each successive bingo occasion for that charitable organization until the jackpot prize has been won. 820 KAR 1:046 Section 7(2).

11. Gaming occasion program

- The bingo program must contain:
 - The organization's name and license number;
 - A description of all bingo products for sale;
 - The price of each product;
 - A description of promotional items listing the price as "free," "comp," "0" or "promotional;"
 - The name of each game and the payout for each game;
 - Alternate payouts if based on attendance;
 - Pulltabs if given away as a door prize; and
 - House rules, if you wish.

12. Calling Game

- "Selected" means a bingo number that has been obtained by the selection device and is ready to be called next by the bingo caller. 820 KAR 1:001 Section 1 (65).
- "Called" means that a number located on a bingo ball has been:
 - Selected by the selection device;
 - Verbally announced by the caller;
 - Displayed on the flashboard or other display device; and
 - Placed in a ball tray or other device.
 820 KAR 1:001 Section 1 (10).
- Before selecting or calling the first number in a game, the bingo caller must call out the amount of the game prize to be awarded. 820 KAR 1:046 Section 2 (3).
- Before selecting and calling the first number in a game, the bingo caller must announce the pattern or arrangement of squares to be covered to win the game. This information must also be listed in the bingo program. 820 KAR 1:046 Section 2 (4).
- After selecting each number, the bingo caller must:

- Clearly announce the number;
 - Display the ball (except during a speed game);
 - Put the ball in the tray so that it will not be put back into the selection pool; and
 - Enter each letter and number called on a flashboard or similar device for player viewing.
- 820 KAR 1:046 Section 2 (5).

13. Winning and Verifying Bingo

- "Covered" means daubed or smeared with indelible ink if using a disposable paper bingo face, or marked electronically if using a card-minding device. 820 KAR 1:001 Section 1 (18).
- A winner is determined when the preannounced pattern of squares is covered by a player on a card. 820 KAR 1:046 Section 2 (6).
- Therefore, the card must be marked before it can be verified.
- It is be the player's responsibility to notify a volunteer including the chairperson or caller that the player has a winning bingo combination as announced. 820 KAR 1:046 Section 2 (7).
- Manufacturers of bingo paper must make available for purchase a verification book or other verification system for all paper manufactured. 820 KAR 1:046 Section 8 (1).
- "Verification system" means a book of bingo faces compiled by the manufacturer or an electronic device created by the manufacturer that:
 - (a) Lists the unique patterns of numbers on each face by perm number; and
 - (b) Is used to verify the authenticity of a winning face.
 820 KAR 1:001 Section 1 (74).
- The organization must use a reliable verification system that corresponds with the set of paper in play. 820 KAR 1:046 Section 8 (2).
- When a player declares a winning bingo, the following steps must be followed for winner verification:
 - The game must be stopped before the next number is called. If the next number has been selected, it must be secured to ensure that if the declared bingo is invalid, the game may continue;
 - If an electronic verifier or verifier book is used, a volunteer for the charitable organization must show the winning face to a player other than the winner; and call back the perm number while in front of the other player;

- If any other verification system is used, a volunteer for the organization must show the winning face to another player and call back the winning combination while in front of the other player. 820 KAR 1:046 Section 8 (3).
- You must verify the bingo while in front of the other player not just show it to them and then verify it.
- The caller must ask at least twice if there are any other winners before announcing the close of the game. 820 KAR 1:046 Section 8 (4).
- If playing a continuation game, the caller must ask at least twice if there are any other winners before closing of that part of the game. 820 KAR 1:046 Section 8 (4).
- If more than one (1) winner is declared in a bingo game, the following method of awarding prizes must be followed:
 - Cash prizes must be divided equally among the verified winners; and
 - If merchandise prizes are awarded, prizes of equal proportionate value shall be awarded. 820 KAR 1:046 Section 8 (5).
- Each bingo winner must be determined and every prize must be awarded and paid on the same day on which the bingo was conducted. 820 KAR 1:046 Section 9 (7).

IV. Card-Minding Devices (CMD)

A. Tested and Approved

- Card-minding devices can be used to play bingo games. KRS 238.545(1) (b).
- You cannot use a card-minding device until it has been tested by an independent testing facility and approved by the Department. 820 KAR 1:044 Section 2 (1).
- If the Department discovers a CMD system is being used that has not been approved, or there is a problem that affects the security or the integrity of the game, the use of it shall cease immediately. 820 KAR 1:044 Section 2 (7)(b); 820 KAR 1:044 Section 2 (6)(a).
- Distributors and charitable organizations cannot add or remove any software programs to an approved CMD system without the permission of the manufacturer. 820 KAR 1:044 Section 2 (7)(a).
- The manufacturer can only perform routine maintenance without having the new CMD system or software tested and approved. 820 KAR 1:044 Section 2 (7) (a).

B. Player tracking

- CMD systems may include player tracking software. 820 KAR 1:044 Section 3 (6).
- Player tracking records are the property of the charitable organization. The manufacturer and the distributor cannot use this information or make it available to any person, other than the Department, without the express permission of the charitable organization. 820 KAR 1:044 Section 3 (6).

C. Caller Station Verifier

- The caller station verifier must be able to verify winning cards and to print them for posting. 820 KAR 1:044 Section 3 (7).
- The caller station verifier must also be capable of posting all balls called and printing an ordered list of the called balls. 820 KAR 1:044 Section 3 (7).
- Before removing a CMD system, the distributor must give a copy of the data files to each organization which used the system and to the Department. 820 KAR 1:044 Section 5 (3).

D. Requirements for organizations

- Before using a CMD system, the organization must make sure that device has been approved by the Department. 820 KAR 1:044 Section 6 (1).
- You cannot use a CMD which has been marked, defaced, tampered with, or which otherwise may deceive the public or affect a player's chances of winning. 820 KAR 1:044 Section 6 (2).
- If a player's CMD malfunctions during a bingo game, it may be repaired or the faces transferred to another CMD if it will not interrupt the game. 820 KAR 1:044 Section 6 (3).
- Each CMD shall be limited to offering for play a maximum of 72 card faces during any one (1) game of a session. 820 KAR 1:044 Section 6 (4).
- The organization must make sure that the CMD system is cleared of all previous games and reloaded with games for its session. 820 KAR 1:044 Section 6 (5).
- The Department can examine and inspect any CMD and site system. The Department shall be granted reasonable access to the CMD and unlimited inspection of all parts of the site system. 820 KAR 1:044 Section 6 (6).

E. Rules of Play

1. Receipts

The organization shall provide the player with a receipt which details the transaction. The receipt must be printed on a receipt printer. 820 KAR 1:044 Section 6 (7).

- The receipt shall contain, at a minimum, the following information:
 - A unique nonresettable transaction number that is printed in continuous, consecutive order;
 - The serial number of the CMD issued;
 - The date and time the receipt was issued;
 - The name of the organization and license number; and
 - A description, quantity, purchase price and total dollar amount of each item purchased.820 KAR 1:044 Section 6 (7).
- If the receipt printer malfunctions or printed receipts are not legible, the organization must hand write receipts which contain the same information as above. 820 KAR 1:044 Section 6 (11).

2. Voids

- The organization must void the original transaction and issue a new receipt if a player requests a partial or full refund. Additional purchases do not require voiding of the original transaction. 820 KAR 1:044 Section 6 (8).
- Voided transactions must be treated in the following manner:
 - Voided transactions must be processed immediately;
 - If a voided transaction involves a CMD, the CMD shall be connected to the site system to ensure all electronic bingo cards are erased or deactivated;
 - The player must have the receipt issued at the time of the purchase of the CMD before the purchase is voided;
 - The word “void” must be clearly printed on the receipt;
 - The player must write his or her name, address, telephone number, signature, and amount of refund on the back of the receipt before a partial or full refund may be issued; and
 - All voided receipts must be attached to the Total Sales Activity Report printed at the end of each bingo occasion and maintained with the gaming records.820 KAR 1:044 Section 6 (9).

3. Pre-loads

- If the organization loads the CMD prior to selling them, all unsold CMD must be voided by the start of the second game. 820 KAR 1:044 Section 6 (10).

4. Printing Winning Card Face

- The chairperson must print the winning card face, if any player or the Department requests verification of a winning card face played on a CMD. The card face must then be posted in a conspicuous location where it may be viewed in detail. 820 KAR 1:044 Section 6 (12).
- The card face must be posted for at least thirty (30) minutes after the completion of the last bingo game at that session. 820 KAR 1:044 Section 6 (12).
- It is always a good idea to print the winning card face after each game. If you do not have the perm number you cannot print the face later if someone requests verification.

5. Phone lines

- The organization must reasonably ensure that the dial up phone lines remain attached to the site system at all times and are operational. 820 KAR 1:044 Section 6 (13).

6. Discounts

- If the organization sells CMD for a discounted price, or gives them away as a promotion, the site system must be programmed to account for the discounted item and priced separately from those sold at the regular price. A generic discount key is not allowed. 820 KAR 1:044 Section 6 (14).
- There must be a specific button on the point of sale programmed for each type of voucher and package involving a card-minding device. 820 KAR 1:046 Section 9 (6)(e).

7. Total Sales Activity Report

- The organization must print a total sales activity report from the point of sale at the end of each bingo session and maintain it with the session records. 820 KAR 1:044 Section 6 (15).

8. Manufacturer's or Distributor's Representative

- A manufacturer's representative or distributor's representative can only be present to consult, demonstrate, and train on the operation of the CMD system. 820 KAR 1:044 Section 6 (16).
 - They should train you on a new system before the session.
 - They can be present during a session only if it is a new system or if they are training a new person. This can only last a couple of sessions.

V. PULLTABS

A. General Provisions

1. Definitions (KRS 238.505; 820 KAR 1:001)

- “Charity game ticket” or “pulltab:”
 - Game of chance using a folded or banded paper ticket, or a paper card with perforated break-open tabs;
 - The face of the ticket is covered or otherwise hidden from view to conceal a number, letter, symbol, or set of numbers, letters, or symbols; and
 - Some of these symbols have been designated in advance as prize winners.
- "Deal"
 - Each separate game or series of pulltabs which has the same serial number and which may be composed of multiple packages.
- “Serial number”
 - A number assigned by the manufacturer to track the individual product.
- "Form number"
 - A manufacturer’s alphanumeric number that identifies a pulltab payout structure.
- "Flare"
 - The paper included with a deal of pulltabs that identifies the game and payout structure.
- “Seal card”
 - A board or placard used in conjunction with charity game tickets;
 - That contains a seal;
 - Which, when removed or opened, reveals pre-designated winning numbers, letters, or symbols.
- “Jar ticket”
 - A type of pulltab game ticket that is folded, glued, or stapled.
- “Multi-packaged pulltab deal”
 - A pulltab game consisting of a single deal of not more than 10,000 tickets that is packed in subsets; and
 - In which each subset contributes to a prize pool with or without a prize board.

- “Progressive pulltab game” or “carryover pulltab game”
 - A pulltab game consisting of one (1) or more deals designed by the manufacturer so that a portion of the deal’s predetermined prize payout is designated to a progressive jackpot; and
 - The jackpot value may accumulate from one (1) deal to the next deal until won.
- “Jackpot prize in a progressive pulltab game” or “progressive jackpot prize”
 - A prize in addition to the instant or seal card prizes which is carried over from deal to deal until it is won.
- “Cumulative pulltab game”
 - A pulltab game consisting of multiple pulltab deals designed by the manufacturer so that a portion of each deal’s predetermined payout is designated to a prize pool board.
- "Event game"
 - A type of pulltab game, with or without a seal card, that is designed by the manufacturer so that certain prizes are determined by:
 - The draw of a bingo ball; or
 - A method of randomly selecting numbers or symbols that correspond to the numbers or symbols printed on a ticket.
- "Last sale" means a pulltab game designed by the manufacturer in which a prize is awarded to the person who bought the last pulltab in a deal.

2. **Miscellaneous Provisions**

- Individual pulltab ticket prizes cannot exceed \$599 in value, not including the value of cumulative or carryover prizes. KRS 238.545(2).
- Cumulative or carryover prizes cannot exceed \$2,400. KRS 238.545(2).
- You can only sell pulltabs that meet the legal requirements. 820 KAR 1:032 Section 1 (2).
- Every deal of pulltabs must contain instructions on how to play the game. 820 KAR 1:032 Section 5 (2).
- Pulltabs can be played with or without a seal card.

3. Jar tickets

- Jar tickets must be played and prizes awarded as stated on the flare received with each deal. 820 KAR 1:036 Section 3.

4. Event Games

- An event ticket prize cannot exceed the individual ticket prize limit for a pulltab game (\$599). 820 KAR 1:032 Section 7 (3).
- The prize for an event pulltab game is not considered a bingo prize. 820 KAR 1:032 Section 7 (4).
- The number of winners and the prize amounts for the event game will be built into the payout structure of the game by the manufacturer. 820 KAR 1:032 Section 7 (2).
- An event game cannot contain a “last sale” feature. 820 KAR 1:032 Section 7 (1).

5. Last Sale Games

- You can only sell “Last Sale” pulltabs at your office location. 820 KAR 1:036 Section 5.
- You cannot sell them during a bingo session. 820 KAR 1:036 Section 5.

6. Multipackaged Deal

- These games may or may not use a prize board.
- You must play every package of a multi-packaged deal to make the stated profit. 820 KAR 1:032 Section 8.
- Each package may contain individual winners. 820 KAR 1:032 Section 8.
- If each package contains a winner, the game must have a method of verifying from which package the winner was sold. 820 KAR 1:032 Section 8.

7. Pulltabs awarded as promotional items or prizes

- If a pulltab is given away as a promotional item or a door prize, the amount and description of the pulltab awarded must be listed on the gaming occasion program. 820 KAR 1:036 Section 2 (19).
- If the pulltab is awarded as a bingo prize, the person in charge of bingo payouts must purchase the pulltabs from the pulltab manager by transfer of cash from bingo payout to pulltab sales. 820 KAR 1:036 Section 2 (20).

- It shall be recorded as a sale on the session records. 820 KAR 1:036 Section 2 (20).

B. Rules of Play

1. Bingo session, office locations, or pulltab dispensers

- You must comply with the regulations regarding the play, proper record-keeping, and reporting of all pulltab sales regardless of where you sell the pulltabs. 820 KAR 1:036 Section 2 (6).
- All sales must be reported on the financial report. 820 KAR 1:036 Section 2 (6).

2. Price

- You must sell pulltabs for the price printed on the ticket, flare or seal card by the manufacturer. 820 KAR 1:036 Section 2 (8).

3. Information posted while deal in play

- You must post in the area where pulltabs are sold and in view of the players for each deal in play:
 - The flare or seal card which will include:
 - The rules of the game; and
 - The prizes to be awarded over \$50.
 - This includes all rules about cumulative or carryover prizes in seal card games.
KRS 238.545 (2); 820 KAR 1:036 Section 2 (1).
- You can have a poster with this information if you also list the prizes that were actually awarded. KRS 238.545 (2).

4. Packaging and container

- Pulltabs cannot be sold to the public from the original packing box or container. 820 KAR 1:036 Section 2 (2).
- Pulltabs must be removed from the original box or container and mixed together prior to sale. 820 KAR 1:036 Section 2 (2).
- If a deal of pulltabs is packed in more than one (1) box or container, an individual container cannot designate a winner or contain a disproportionate number of winning or losing tickets. 820 KAR 1:036 Section 2 (3).

- Each package, box, or container shall be placed out for play at the same time unless the deal is designed by the manufacturer to be played in subsets. If so, those subsets may be placed out for play in succession. 820 KAR 1:036 Section 2 (3).

5. Defects

- Do not place into play pulltabs which have been:
 - Marked;
 - Defaced;
 - Altered;
 - Tampered with;
 - Received in packaging that is not tamper resistant; or
 - Otherwise constructed in a manner which tends to deceive the public, or affect the chances of winning or losing.
 820 KAR 1:036 Section 2 (4).
- If you have or receive any such pulltabs, you must notify the Department of the existence of these tickets in writing within 15 days. 820 KAR 1:036 Section 2 (4).

6. Verifying serial numbers

- Before you sell any pulltabs, you must verify that the serial number on the tickets matches the serial number on the flare or seal card accompanying the deal. 820 KAR 1:036 Section 2 (5).
- You do this by conducting a random sampling of pulltabs within each deal. 820 KAR 1:036 Section 2 (5).
- If you find that the serial numbers on tickets do not match the serial number on the flare or seal card accompanying the deal, you cannot play these tickets. 820 KAR 1:036 Section 2 (5).
- You must notify your distributor. 820 KAR 1:036 Section 2 (5).
- If the distributor does not correct the problem within thirty (30) days, you must notify the Department in writing. 820 KAR 1:036 Section 2 (5).

7. Multiple prize options

- You can only award prizes as shown by the prize structure listed on the flare or seal card accompanying the deal of tickets. 820 KAR 1:036 Section 2 (11).
- If there is multiple prize structures listed on the flare or seal card, you must announce to the patrons and circle on the flare or seal card the

prize structure that you are going to award before placing the deal into play. 820 KAR 1:036 Section 2 (11).

8. Seal Card Games

- If the deal has a seal card, you must post the seal card for the deal in play while the deal is in play. 820 KAR 1:036 Section 4 (1).
- If you do not finish selling a deal during a gaming occasion, you must have the holder's sign the seal card and provide a means of contacting them when the winner is declared. 820 KAR 1:036 Section 4 (2).
- The seal for the deal must be broken or torn open in plain view of all persons present when:
 - All tickets from a deal have been sold;
 - All the winning tickets from a deal have been sold;
 - All the lines on the sign up card have been filled;
 - The deal has been closed, because no future date is anticipated;
 - or
 - As instructed by the game as designed by the manufacturer.820 KAR 1:036 Section 4 (3) (a).
- After the seal is opened, you must announce or post each winning combination, the name of the game, and the serial number of the deal at the location of the game. 820 KAR 1:036 Section 4 (3)(b).
- You must record the date the seal was opened on the seal card. 820 KAR 1:036 Section 4 (4) (c).

9. Unsold tickets/partial deals

- If a deal is not played to completion and there remain unsold winning pulltabs, you must sell the remaining pulltabs the next time you game. 820 KAR 1:036 Section 2 (7) (a).
- If you do not plan to game in the future, you must consider the deal closed, declare the winners, and post the winning numbers for 15 days. 820 KAR 1:036 Section 2 (7) (b).
- You must also post information regarding how to claim a prize at your office location. 820 KAR 1:036 Section 2 (7) (b).
- You can close a deal if no winning pulltabs remain in the deal. 820 KAR 1:036 Section 2 (7) (c).
- You must keep all unsold pulltabs for 12 months. 820 KAR 1:036 Section 2 (7) (b).
- You cannot finish selling a deal that another organization started. 820 KAR 1:036 Section 2 (7) (d).

10. Verifying a pulltab

- The serial number and the winner protection features must be verified before any winning pulltab is redeemed. 820 KAR 1:036 Section 2 (9).
- If the pulltab has a seal card, you cannot award a prize to a winner unless the serial number on the ticket matches the serial number on the seal card. 820 KAR 1:036 Section 2 (10).
- A holder of a winning pulltab has 15 days to redeem the winning ticket. 820 KAR 1:036 Section 2 (12).
- If the prize is not claimed within 15 days, the prize is considered unclaimed and is the property of the organization. KRS 238.545 (2); 820 KAR 1:036 Section 2 (12).
- Once the ticket is redeemed, you must pay the holder of a winning pulltab within five (5) days. 820 KAR 1:036 Section 2 (13).
- All winning pulltabs must have the winning symbol or number defaced or punched immediately after redemption. 820 KAR 1:036 Section 2 (14).

C. Progressive Games

1. Construction

- The amount dedicated to the progressive jackpot is predetermined by the manufacturer and built into the payout structure for the game. 820 KAR 1:032 Section 6 (1).
- This amount is printed by the manufacturer on either the flare or seal card for each game or on each ticket in each game. 820 KAR 1:032 Section 6 (1).
- The seal card for each deal in a progressive game shall show, in addition to all other information required for flares and seal cards, the amount dedicated to the progressive jackpot prize pool. 820 KAR 1:036 Section 6 (4).
- All games that contribute to the progressive jackpot must be of the same form number. 820 KAR 1:032 Section 6 (2).
- The flare or seal card for the progressive jackpot contains an area in which the current amount of the carryover or progressive jackpot can be posted. 820 KAR 1:032 Section 6 (3).
- If a progressive pulltab game uses a progressive jackpot prize card that is separate from the jackpot seal, the jackpot card must contain

space for the organization to record the serial numbers of all games contributing to the jackpot prize. 820 KAR 1:032 Section 6 (4).

- A progressive pulltab game must be played as instructed by the manufacturer. 820 KAR 1:036 Section 6 (7).

2. Posting seal card and jackpot prize card

- If a progressive prize remains unpaid, you must display, in full and complete view of the players, and at all times, either:
 - The jackpot card being played and each seal card contributing to the jackpot prize pool; or
 - A legible poster identifying by name, serial number, and form number each deal of pulltabs contributing an amount to the jackpot prize pool.820 KAR 1:036 Section 6 (5) & (10) (a).
- If a progressive prize remains unpaid, you must display, in full and complete view of the players, and at all times, the current value of the jackpot. 820 KAR 1:036 Section 6 (10) (d).

3. Must remain in play until jackpot awarded

- Once a progressive pulltab game has been started, it must remain in play until the progressive jackpot prize is determined. 820 KAR 1:036 Section 6 (3).
- If the game is begun at a bingo session, it must be offered at each succeeding bingo session of the organization. 820 KAR 1:036 Section 6 (3).
- If the game is begun at the office location, it must be sold on each succeeding day the office is open. 820 KAR 1:036 Section 6 (3).
- As long as money remains in the jackpot prize pool, you must continue to play the same games with the same form number. 820 KAR 1:036 Section 6 (8).
- If a game with the same manufacturer's form number is no longer available, you must contact the Department for instructions on how to proceed. 820 KAR 1:036 Section 6 (9).

4. Gaming occasion records

- The serial numbers for each deal contributing to progressive jackpot prize must be recorded in the gaming occasion records. 820 KAR 1:036 Section 6 (6).

- The amount of the current jackpot, the amount contributed, the payouts made, and the jackpot carried forward to the next session at each gaming occasion must be recorded in the gaming occasion record. 820 KAR 1:036 Section 6 (13).

5. Prize awarded

- You cannot award the jackpot prize in a progressive pulltab game unless the serial number on the winning ticket matches the serial number on a seal card from a deal of tickets which contributed to the jackpot prize. 820 KAR 1:036 Section 6 (11).
- The serial number on the tickets may not match the serial number on the progressive pulltab **jackpot card** if the deal is the second or subsequent deal played in the progressive game and one (1) progressive jackpot card is used for more than one (1) deal. 820 KAR 1:036 Section 6 (2).
- After awarding the prize, you must continue to display the poster or seal cards during the organization's gaming activities until fifteen (15) calendar days after you award the prize. 820 KAR 1:036 Section 6 (10) (b).

6. Prize not awarded

- If a progressive jackpot prize is not awarded, you must continue to display the poster or seal cards during gaming activities for at least 15 calendar days after the date the organization considers the game closed and retains the prize as its property. 820 KAR 1:036 Section 6 (10) (c).

7. Prizes \$250 or over

- If the prize awarded is \$250 or over, you must attach to the jackpot prize card a copy of the winner's valid state identification card which contains the name, address, date of birth, and state identification number of the winner. 820 KAR 1:036 Section 6 (12).

8. Value of jackpot

- The jackpot prize in a progressive game may accrue in excess of \$2,400. 820 KAR 1:036 Section 6 (13).
- An individual jackpot prize shall not be paid in excess of \$2,400. 820 KAR 1:036 Section 6 (13).

9. Advertising

- Any advertisement regarding the progressive jackpot may state the total amount in the jackpot prize pool as long as it also includes the statement that an individual payout cannot exceed \$2,400. 820 KAR 1:036 Section 6 (14).

10. Deposits

- The jackpot prize pool in a progressive game is considered an adjusted gross receipt that must be deposited within two (2) business days of the gaming occasion. 820 KAR 1:036 Section 6 (16).

D. Cumulative Games

1. Construction

- The amount dedicated to the cumulative prize pool is predetermined by the manufacturer and built into the payout structure for the game. 820 KAR 1:032 Section 6 (1).
- The dedicated amount is printed by the manufacturer on either the flare or seal card for each game or on each ticket in each game. 820 KAR 1:032 Section 6 (1).
- All games contributing to the cumulative prize pool must be of the same form number. 820 KAR 1:032 Section 6 (2).
- The prize pool for a cumulative pulltab game must be established only through the play of deals of the same game with an identical form number. 820 KAR 1:036 Section 7 (1).
- A cumulative prize board cannot contain prizes totaling in excess of \$2,400. 820 KAR 1:036 Section 7 (9).

2. Verifying serial number

- Before placing a deal into play, you must verify that the serial number on the pulltabs within each deal match the serial number on the flare, prize board, or seal card accompanying the deal by conducting a random sampling of pulltabs with each deal. 820 KAR 1:036 Section 7 (2).

3. Remain in play

- After a cumulative pulltab game has been started, it must remain in play continuously until the cumulative prize pool has been awarded. 820 KAR 1:036 Section 7 (3).

- If such game is begun at a bingo session, it must be offered at each succeeding bingo session of the organization. 820 KAR 1:036 Section 7 (3).
- If the game is begun at the office location, it must be offered on each succeeding day their office is open. 820 KAR 1:036 Section 7 (3).

4. Prizes

- Prizes can only be awarded in accordance with the manufacturer's pre-designated prize structure for the game. 820 KAR 1:036 Section 7 (4).
- The seal card for each deal in a cumulative pulltab game must show, in addition to all other information required for flares and seal cards, the amount dedicated to the cumulative prize pool. 820 KAR 1:036 Section 7 (5).

5. Displaying seal cards

- Every seal card for each deal that has been played or is being played in the course of a cumulative pulltab game, together with any prize board, must be displayed at all times while the game is in play, until the cumulative prize pool is awarded. 820 KAR 1:036 Section 7 (6).

6. Awarding the prize

- You cannot award the cumulative prize pool unless the serial number on the winning ticket matches the serial number on a seal card from a deal of tickets which contributed to the cumulative prize board. 820 KAR 1:036 Section 7 (8).

7. Gaming occasion records

- The serial numbers for each deal contributing to a cumulative prize pool must be recorded in the gaming occasion records. 820 KAR 1:036 Section 7 (7).

E. Pulltab Dispensers

1. Location

- You can have a pulltab dispenser at the gaming facility or your office location. It can only be used during bingo sessions. KRS 238.545 (1) (e).

2. Use by multiple organizations

- Each charitable organization operating the dispenser must place upon the dispenser an identification label which displays the organization's name and license number. 820 KAR 1:034 Section 3 (2).
- A charitable organization cannot use the dispenser until the charitable organization which previously used the dispenser has removed its pulltabs and money from the dispenser. 820 KAR 1:034 Section 3 (1).

3. Keys to dispenser

- The keys to open the locked doors to the dispenser's ticket dispensing area and cash box must be solely in the possession and control of the designated chairperson of the charitable organization conducting the charitable gaming session. 820 KAR 1:034 Section 3 (3).

4. Pulltabs sold

- The entire deal of pulltabs must be sold from the dispenser and cannot be sold on the floor. 820 KAR 1:034 Section 3 (4).

5. Pulltabs in one column

- All pulltabs in any one (1) column must have the same serial number. 820 KAR 1:034 Section 3 (5).

6. Defective dispenser

- You cannot display, use, or otherwise furnish a dispenser which has in any manner been tampered with or which otherwise may deceive the public or affect a person's chances of winning. 820 KAR 1:034 Section 3 (6).
- If the organization finds any defect or malfunction with the dispenser, which is not temporary in nature, you must immediately remove the dispenser from use and notify the Department. 820 KAR 1:034 Section 6 (1).
- If the Department finds any defect or malfunction with the dispenser, that is not temporary in nature or affects the integrity or security of the pulltab game, the Department will direct you to cease the use of the dispenser. 820 KAR 1:034 Section 6 (1).
- The Department will also require the manufacturer to correct the defect, malfunction, or problem or recall the dispenser immediately upon notification by the Department. 820 KAR 1:034 Section 6 (1).

7. Removal of pulltabs

- A pulltab deal cannot be placed in the dispenser until the entire deal of pulltabs previously in the dispenser has been played out or permanently removed. 820 KAR 1:034 Section 3 (7).
- After placement in the dispenser, a pulltab cannot be removed from the dispenser, except for those pulltabs:
 - Actually played by consumers;
 - Removed by Department representatives or law enforcement agencies;
 - Temporarily removed during necessary repair, and maintenance; or
 - Removed at the end of the gaming session.820 KAR 1:034 Section 3 (8).

8. Inspection

- The Department or its authorized representatives may examine and inspect any automated pulltab dispenser. The examination and inspection will include immediate access to the dispenser and unlimited inspection of all parts of the dispenser. 820 KAR 1:034 Section 4.

9. Information maintained

- Each licensed charitable organization must maintain the following information in connection with its use of an automated pulltab dispenser:
 - Date of purchase or lease of each dispenser;
 - Model and serial number of each dispenser;
 - Purchase or lease price of each dispenser;
 - Name, address, and license number of the distributor from whom the dispenser was purchased, leased or otherwise furnished; and
 - A record of all maintenance and repairs relating to the dispenser. 820 KAR 1:034 Section 5 (1).

VI. RAFFLES

A. General Provisions

- A raffle is a game of chance in which a participant is required to purchase a ticket for a chance to win a prize and the winner is determined by a random drawing. KRS 238.505(7).
- Winners shall be drawn at random at a date, time, and place announced in advance or printed on the ticket. KRS 238.545(3).
- All prizes for a raffle shall be identified in advance of the drawing and all prizes identified shall be awarded. KRS 238.545(3).
- The organization is responsible for the transfer and delivery of the prize without the lien or interest of others. 820 KAR 1:050 Section 2 (1).
- The prizes must be awarded as indicated on the ticket unless the event is postponed. 820 KAR 1:050 Section 2 (2).
- Any person holding a raffle ticket shall be permitted to observe the raffle drawing. 820 KAR 1:050 Section 3 (1).
- The organization should place the ticket stubs of the tickets sold into a receptacle that is designed so that each ticket has an equal chance to win. 820 KAR 1:050 Section 3 (4).

B. Requirements for Tickets

- Tickets for a raffle shall be sold separately, and each ticket shall constitute a separate and equal chance to win. KRS 238.545(3).
 - You must sell each ticket for the same price. You cannot sell “\$1 a ticket or 3 for \$2.”
- All raffle tickets must be sold for the price stated on the ticket and no one is required to purchase more than one (1) ticket or to pay for anything other than a ticket to enter a raffle. KRS 238.545(3).
- Raffle tickets must have a unique identifier (usually a number) for the ticket holder. KRS 238.545(3).
- Movie strip tickets (or any other ticket as long as it has a detachable section and is consecutively numbered) can be used for the raffle if:
 - The ticket price is \$1 or less; OR
 - All the tickets are sold and the winner selected at a charity fundraising event (CFE); OR

- All the tickets are sold and the winner selected at a special limited charity fundraising event (SLCFE). 820 KAR 1:050 Section 1 (4).
- If you use strip tickets, you must use a dual roll ticket.
- Otherwise, the tickets must:
 - Have a detachable section and be consecutively numbered;
 - The detachable section of the ticket shall bear a duplicate number corresponding to the number on the ticket and shall provide space for:
 - The purchaser's name;
 - Complete address; and
 - Telephone number;
 - Have printed on them:
 - Date and time of the drawing or drawings;
 - Location of the drawing or drawings;
 - Name and license number of organization conducting the raffle;
 - Price of ticket; and
 - Each prize to be awarded with a fair market value over \$500.

Ticket Price	Kind of Ticket	Time Period	Prize Limit
CFE (any price)	Strip	Sold and drawn at event	None
SLCFE (any price)	Strip	Sold and drawn at event	None
\$1 or less	Strip	Any time	None
> \$1 but < \$50	Printed	Any time	None
\$50 or > but < \$100	Printed	Any time	None
\$100 or >	Printed	Any time	None

C. Rules of Play

1. Postponing a Raffle

- If the raffle is postponed, all reasonable efforts must be made to notify ticket holders of the new drawing date. 820 KAR 1:050 Section 2 (2).

2. Notifying Winner

- If the winner is not present at the drawing, you must notify the winner within seven (7) days of the drawing by certified mail. 820 KAR 1:050 Section 3 (5).
- The winner must claim the prize within thirty (30) days of being contacted. 820 KAR 1:050 Section 3 (5).
- If the winner does not claim the prize or donate it to the organization within thirty (30) days of being contacted, the organization must notify the Department and draw another ticket in the presence of Department personnel. 820 KAR 1:050 Section 3 (6).

3. Winner donating prize to the organization

- If a winner wants to donate the prize to the organization, the winner must notify the organization in writing within the thirty (30) day period. 820 KAR 1:050 Section 3 (2).

4. Does the winner have to be present?

- The winner does not have to be present to win except in the situations stated below. 820 KAR 1:050 Section 3 (2).
- The organization is allowed to draw tickets until a winner is present if:
 - If the ticket price is \$1 or less; OR
 - All the tickets are sold and the winner selected at a charity fundraising event (CFE); OR
 - All the tickets are sold and the winner selected at a special limited charity fundraising event (SLCFE).820 KAR 1:050 Section 3 (7).

VII. CHARITY FUNDRAISING EVENTS (CFE)

A. Definitions

- A charity fundraising event (CFE) is a fundraising activity of limited duration at which games of chance approved by the Department are conducted, including bingo, raffles, charity game tickets, special limited games and wagering on prerecorded horse races. KRS 238.505(8).
- Examples of such activities include events that attract patrons for community, social, and entertainment purposes apart from charitable gaming such as fairs, festivals, carnivals, bazaars, and conventions. KRS 238.505(8).
- A CFE can not exceed seventy-two (72) consecutive hours except for state, county, and city fairs. KRS 238.545(4) (d).
- An organization can have four (4) charity fundraising events (CFE) a year. Two (2) of these four (4) can be special limited charity fundraising events (SLCFE). KRS 238.545(4) (e).
- You can have charity fundraising events in other counties. KRS 238.535(8) (d).

B. Licensing

- You do not need a special license to conduct a noncash prize wheel under \$100. This includes cake wheels or walks. KRS 238.545(4) (b).
- You cannot have a CFE unless you have a license for the event issued by the Department. KRS 238.545 (4) (a).
- In order to obtain a license, you must submit a complete, accurate, and verifiable Form CG-Schedule A at least thirty (30) days before the scheduled event. 820 KAR 1:055 Section 1 (1).
- A \$25 processing fee and a lease, if applicable, must accompany the application. 820 KAR 1:055 Section 1 (2) & (3).
- All information must be submitted and reviewed before a license can be granted. 820 KAR 1:055 Section 1 (4).
- The license is issued if the organization possesses a regular charitable gaming license and has met the requirements for license set forth in KRS 238.505(8) (definition section) and 238.545(4) (rules for CFE). 820 KAR 1:055 Section 1 (5).

C. Advertising and Pre-registrations

- The event cannot be advertised nor pre-registrations taken until a license has been issued. 820 KAR 1:055 Section 1 (7).
- Only non-cash pre-registrations can be taken prior to the day of the event (checks, credit cards, and electronic fund transfers). 820 KAR 1:055 Section 1 (8).
- Cash can be taken the day of the event. 820 KAR 1:055 Section 1 (8).

D. Bingo at a CFE

- You may play bingo at a CFE with prior approval of the Department. KRS 238.545(4) (c).
- Cash prizes for bingo games during a CFE may not exceed \$5000 for the entire event. KRS 238.545(4) (c).
- You can award merchandise prizes of any value.
- A person under eighteen (18) years of age can play bingo at a CFE if they are accompanied by a parent or legal guardian. KRS 238.545(4) (c).
- Reusable bingo hard cards can be used only at charity fundraising events. 820 KAR 1:042 Section 1 (3).

E. Pulltabs at a CFE

- Pulltabs may be sold with prior approval of the Department. KRS 238.545(1) (d).
- Exempt organizations cannot sell pulltabs at CFEs. 820 KAR 1:055 Section 1 (9).

F. Special Limited Games

- Special limited games can be played at a CFE with prior approval of the Department. 820 KAR 1:055 Section 2 (1).

G. Charitable Gaming Equipment

- It is:
 - Roulette wheels; and
 - Craps tables.
- They must be obtained from a licensed distributor and paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (2).

- It is not:
 - Poker tables;
 - Blackjack tables;
 - Prize wheels;
 - Dice;
 - Playing cards; and
 - Chips, scrip, or imitation money.
- These do not have to be obtained from a licensed distributor and cannot be paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (1).
- If special limited games are played, you must send the Department a copy of the contract for those supplies no later than thirty (30) days after the event. This contract shall specify the items provided, at what cost, and from whom. 820 KAR 1:055 Section 3 (3).

H. Expenses

- The organization must pay the gaming expenses for the event from the gaming account. All other expenses must be paid from the general account. 820 KAR 1:055 Section 5 (1).
- If an expense is both a gaming expense and a general expense, the expense shall be prorated pursuant to the amount of gross receipts obtained from gaming and non-gaming events. The full amount shall be paid from the general account and the amount attributable to gaming shall be reimbursed from the gaming account to the general account. 820 KAR 1:055 Section 5 (2).

VIII. SPECIAL LIMITED CHARITY FUNDRAISING EVENTS (SLCFE)

A. Definitions

- A special limited charity fundraising event (SLCFE) is any type of charity fundraising event, commonly known as and operated as a “casino night,” “Las Vegas night,” or “Monte Carlo night,” at which the predominant number or types of games offered for play are special limited charitable games. KRS 238.505(18).
- Special limited charitable game means roulette; blackjack; poker; keno; money wheel; baccarat; pusher-type games; any dice game where the player competes against the house; and any other game of chance as identified, defined, and approved by administrative regulation of the Department. KRS 238.505(17).

B. Amount, time, and location

- A licensed organization is limited to two (2) special limited charity fundraising event licenses per year. KRS 238.547(1).
 - A special limited charity fundraising event is limited to one (1) session which cannot exceed six (6) hours. KRS 238.547(1).
 - The event must be conducted between the hours of 12 noon and 1:00 am. KRS 238.547(1).
 - A special limited event may be held:
 - On or in the premises of a licensed organization;
 - In a licensed facility if the facility has no more than seven (7) per license year or one (1) per week (KRS 238.555(7)); or
 - At an unlicensed facility if:
 - The facility has no more than 1 SLCFE event per year;
 - The facility is closed to the general public during the event or the event is held in a separate room or area not accessible to the general public;
 - The equipment shall be removed from the premises within two (2) working days; and
 - The facility follows the prohibitions regarding a licensed facility in KRS 238.555(3).
- KRS 238.547 (2).
- An organization can have a special limited charity fundraising event in another county other than that in which they have their charitable gaming license. KRS 238.535(8) (d).

C. Licensing

- In order to have such an event, you must get a special license by submitting a complete, accurate, and verifiable Form CG-Schedule A at least thirty (30) days before the scheduled event. 820 KAR 1:056 Section 1 (1).
- A \$25 processing fee and a lease, if applicable, must accompany the application. 820 KAR 1:055 Section 1 (2) & (3).
- All information must be submitted and reviewed before a license can be granted. 820 KAR 1:055 Section 1 (4).
- The license will be issued if the organization possesses a regular charitable gaming license and has met the requirements for license set forth in KRS 238.505(18) and 238.547. 820 KAR 1:055 Section 1 (5).

D. Advertising and Pre-registration

- The event cannot be advertised nor pre-registrations taken until a license is issued. 820 KAR 1:056 Section 1 (7).
- Only non-cash pre-registrations can be taken prior to the day of the event (checks, credit cards, and electronic fund transfers). 820 KAR 1:056 Section 1 (8).
- Cash can be taken the day of the event.

E. Tournaments

- If the special limited games are played as a tournament then:
 - You must keep attendance;
 - A CG-VOL must be completed and kept; and
 - You must have a program on which these things are listed:
 - The cost to enter;
 - The cost of the buy backs;
 - The cost of add ons;
 - The rules of the game;
 - The manner for raising blinds or closing tables; and
 - The prizes (which may be listed as a percentage of receipts.)
- 820 KAR 1:056 Section 1 (6).

F. Charitable Gaming Equipment

- It is:
 - Roulette wheels; and
 - Craps tables.

- They must be obtained from a licensed distributor and paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (2).
- It is not:
 - Poker tables;
 - Blackjack tables;
 - Prize wheels;
 - Dice;
 - Playing cards; and
 - Chips, scrip, or imitation money.
- These items do not have to be obtained from a licensed distributor and cannot be paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (1).
- If special limited games are played, you must send the Department a copy of the contract for those supplies no later than 30 days after the event. This contract shall specify exactly the items provided, at what cost, and from whom. 820 KAR 1:055 Section 3 (3).

G. Central Bank

- Cash cannot be used in playing special limited games at a SLCFE. KRS 238.547(3).
- Games have to be played with chips, scrip, or imitation money which can only be purchased through a central bank. KRS 238.547(3).
- No chips, scrip, or imitation money can be sold at a gaming table or by a dealer. KRS 238.547(3).
- For all games that require a central bank to be used, the amount of money received for selling chips, scrip, or imitation money shall be the gross receipts; all chip, scrip or imitation money redeemed shall be the payouts; and all money remaining shall be the adjusted gross receipts. 820 KAR 1:056 Section 1 (10).
- You must pre-count chips for games that require a predetermined amount of chips, scrip, or imitation money. 820 KAR 1:056 Section 1 (11).
- You must keep accurate records of all chips, scrip, or imitation money sales, whether the sale is an initial entry fee or a later purchase. 820 KAR 1:056 Section 1 (11).

H. Expenses

- You must pay the gaming expenses for the event from the gaming account and all other expenses shall be paid from the general account. 820 KAR 1:055 Section 4 (1).
- If an expense is both a gaming expense and a general expense, you must prorate pursuant to the amount of gross receipts obtained from gaming and non-gaming events. 820 KAR 1:055 Section 4 (2).
- The full amount must be paid from the general account and the amount attributable to gaming must be reimbursed from the gaming account to the general account. 820 KAR 1:055 Section 4 (2).
- When writing the check to reimburse the general account, please indicate on the financial report that the check is to reimburse the general account for a gaming expense.
- Food, beverages, and other items provided to participants without additional payment at an event where only gaming activity takes place shall be considered a promotional expense if all participants are equally eligible. 820 KAR 1:056 Section 4 (3).

IX. ORGANIZATION BOOKS AND RECORDS

A. Definitions (KRS 238.505; 820 KAR 1:001)

- “Gross receipts”
 - all moneys collected or received from the conduct of charitable gaming;
 - Includes all money received from the sale of:
 - Raffle tickets;
 - Bingo cards or faces;
 - Pickle jars, bonanza balls, or hot balls;
 - Card-minding devices;
 - Pulltabs;
 - Charity fundraising event games;
 - Special limited charity fundraising event games;
 - Bad check collections;
 - Credit card fees; and
 - Reasonable check collection fees minus bad checks.
- 820 KAR 1:057 Section 1 (8).
- “Adjusted gross receipts”
 - Gross receipts less all cash prizes and the amount paid for merchandise prizes purchased.
- “Net receipts”
 - Adjusted gross receipts less all expenses, charges, fees, and deductions authorized under this chapter.
- “Door prize”
 - A prize awarded to a person based solely upon the person’s attendance at an event or the purchase of a ticket to attend an event.
- "Cash"
 - Currency, coinage, or a negotiable instrument.
- "Cash short"
 - The total amount of money actually received from the sale of gaming supplies at a gaming occasion is less than the amount of money due from the sale of that quantity of gaming supplies.
- "Cash over"
 - The total amount of money actually received from the sale of gaming supplies at a gaming occasion is more than the

amount of money due from the sale of that quantity of gaming supplies.

- "Chief Executive Officer"
 - The director of the organization or the person who has legal authority to direct the management of the organization.
- "Chief Financial Officer"
 - The person who shall be:
 - Responsible for overseeing the financial activities of the organization;
 - The custodian of the gaming occasion records; and
 - Responsible for ensuring that the records are accurate, complete, and maintained regularly for inspection by the Department.

B. General Provisions

1. Hand written data

- If you hand write data and later enter the information onto another form or computer program, you must retain the hand written records along with the other form or computer generated record. 820 KAR 1:057 Section 3 (2).

2. Corporate records

- You must have accurate and adequate corporate or other organizational records, including articles of incorporation, minutes of board of directors meetings, and resolutions. 820 KAR 1:057 Section 3 (3).

3. Records of expenditures

- You must keep detailed records of all expenditures. 820 KAR 1:057 Section 3 (4).

4. Records available for inspection

- You must keep all gaming occasion records for a period of three (3) years. 820 KAR 1:058 Section 1 (8).
- All records shall be made available for inspection and audit at the request of the Department. 820 KAR 1:057 Section 3 (5); 820 KAR 1:058 Section 1 (8).

- You must provide records requested by the Department, or any of its employees, within ten (10) calendar days unless a longer response time is allowed by the request. 820 KAR 1:057 Section 3 (7); 820 KAR 1:058 Section 1 (9).
- Any organization's records, or copies of those records, deemed necessary to complete an inspection, audit, or investigation may be retained by the Department or its employees or agents. The Department will provide a written receipt of the records at the time of removal. 820 KAR 1:057 Section 3 (6).

C. Charitable gaming account

- The organization must have one (1) checking account devoted exclusively to charitable gaming. KRS 238.550(2).
- This account must:
 - Be separate from any other account maintained by the organization. 820 KAR 1:057 Section 1 (1);
 - Be designated the "charitable gaming account." KRS 238.550(2); and
 - Be maintained at a financial institution located in Kentucky. KRS 238.550(2).
- No other funds may be deposited or transferred into the gaming account. KRS 238.550(2).
- All payment of gaming expenses, prizes purchased and donations from charitable gaming receipts shall be made from the gaming account. KRS 238.550(3).

D. Checks from the gaming account

- Payments or donations can only be made by bona fide officers of the organization. KRS 238.550(3).
- Payments or donations can only be made by check or electronic fund transfer directly from the charitable gaming account. 820 KAR 1:057 Section 1 (2).
- Checks must:
 - Have preprinted consecutive numbers;
 - Be imprinted with the words "charitable gaming account;" and
 - Contain the organization's license number on the face of each check. KRS 238.550(3).

- Unless it is for start up cash, no check can be made payable to “cash” or “bearer.” They must be made payable to specific persons or organizations. KRS 238.550(3).

E. Electronic Funds Transfer

- You can make an electronic fund transfer to pay for charitable gaming expenses, prizes purchased and charitable donations as long as it is made to a specific person or organization. KRS 238.550(3).
- If an electronic transfer is made, the transaction number should be listed as the check number on the financial report. 820 KAR 1:025.

F. Deposits

- All receipts must be deposited within two (2) business days after a gaming occasion is over. KRS 238.550(2); 820 KAR 1:057 Section 1 (3).
- The deposit for each occasion must be made separately and cannot be combined with the deposit from any other occasion. 820 KAR 1:057 Section 1 (3).
- All types of deposits including start up cash, bad checks collected and check collection fees, progressive game carry forward, and adjusted gross receipts must be listed separately on the deposit ticket, if possible. 820 KAR 1:057 Section 1 (4).
- Each individual check must be listed separately on the deposit slip. If a register tape is run listing the amounts of the individual checks, it may be attached to the deposit reconciliation sheet, and the deposit slip. Total cash and coins must be listed separately. 820 KAR 1:057 Section 1 (4).
- You must keep a copy of the deposit slip. 820 KAR 1:057 Section 1 (4).

G. Bad Checks

- You must keep checks that have been returned for insufficient funds, which have not been collected, for three (3) years following the close of the calendar year in which the check was issued. 820 KAR 1:057 Section 1 (5).

- If the check has been turned over to someone else for collection, you must keep a copy of the check and information regarding the person collecting the check. 820 KAR 1:057 Section 1 (5).

H. Bank Statements and checks

- You must keep monthly bank statements and reconciliations for all accounts for three (3) years following the close of a calendar year. 820 KAR 1:057 Section 1 (6).
- You must provide copies of the fronts and backs of checks from any account into which charitable gaming funds are deposited or transferred to the Department upon request. 820 KAR 1:057 Section 1 (7).
- This includes checks on accounts other than just the charitable gaming account.

I. Gross Receipts

- Only chairpersons, officers or employees of the organization can handle adjusted gross receipts from gaming. KRS 238.550(1).

J. Start up cash

- You can obtain start up cash from any source.
- If you obtain start up cash from the gaming account, you must deposit it back into the gaming account. KRS 238.550(3).
- The start up cash shall be identified on the check withdrawing the funds and on the deposit slip, if possible. 820 KAR 1:057 Section 2 (2).
- If you do not obtain start up cash from the gaming account, you must identify the source of start up on the deposit reconciliation which is signed by the chairperson. 820 KAR 1:057 Section 2 (1).
- You cannot mix your start up cash with the start up cash from another organization. 820 KAR 1:057 Section 2 (2).

K. Destroying Gaming Supplies

- Before you destroy a bulk of gaming supplies, you must perform an inventory and obtain permission from the Department. 820 KAR 1:057 Section 3 (8).
- The gaming supplies must be destroyed by burning in compliance with state and federal law, shredding, destroying, or defacing in some manner to prevent reuse of any pulltab, flare, prize board, seal card,

bingo paper, or any portion thereof. 820 KAR 1:036 Section 2 (15) (b).

L. Ceasing to Game

- If you are going to quit gaming, you must perform a final inventory of all gaming supplies and make arrangements to dispose of them. 820 KAR 1:057 Section 3 (9).
- You may:
 - Return all unused product to a distributor;
 - Donate the product to another organization with permission from the Department; or
 - Destroy the product with permission from the Department.820 KAR 1:057 Section 3 (9).
- Abandoned gaming supplies will be seized by the Department and destroyed. 820 KAR 1:057 Section 3 (9).
- You must spend or donate the money raised in charitable gaming consistent with the charitable purpose of the organization. 820 KAR 1:057 Section 3 (10).

M. Pulltabs kept for 12 months

- You must keep for 12 months:
 - All winning pulltabs with a prize value of \$50 and above;
 - The flare from all winning pulltabs with a prize value of \$50 dollars and above;
 - All seal cards with a prize value of \$50 and above;
 - All prize boards in cumulative games with a prize value of \$50 and above; and
 - All unsold pulltabs.
- These records may be retained at the gaming location.
820 KAR 1:036 Section 2 (15) (a).

X. GAMING OCCASION RECORDS

A. General Provisions

- You must have records for each gaming occasion. 820 KAR 1:058 Section 1 (1).
- The records must be prepared by a volunteer or chairperson. The records cannot be completed by a bookkeeper who is compensated for doing so. 820 KAR 1:058 Section 1 (1).
- The gaming occasion record must contain:
 - The date of the gaming occasion;
 - The organization name and license number;
 - The name and address of the donor of every donated prize whose fair market value is in excess of \$500; and
 - A deposit reconciliation.820 KAR 1:058 Section 1.
- Charitable gaming receipts and records must be kept separate from non-charitable gaming receipts and records. 820 KAR 1:058 Section 1 (7).

B. Deposit Reconciliation

- Gaming proceeds must be counted by an officer or a chairperson and the count must be verified. A count may be verified by a volunteer. 820 KAR 1:058 Section 1 (2).
- A deposit reconciliation worksheet must be used which records:
 - All currency, coins, checks, and credit card receipts available for deposit;
 - All profit or loss from each gaming activity, all start up cash, all cash from incomplete pulltab sales, any progressive game carry forward, bad checks collected and check collection fees, and all other gaming receipts that should be available for deposit; and
 - Any variance between the amount of currency, coins, checks and credit card receipts actually available for deposit, and the amount that should be available for deposit according to the gaming occasion records.
 - The amount of donations received at the gaming occasion which will be deposited into the general account.
 - The printed name and signature of the chairperson in charge of the gaming occasion.

- The printed name and signature of the person taking the deposit from the gaming occasion.
 - The printed name and signature of the person making the deposit if different from the person taking the deposit; and
 - The printed name and signature of the person in possession of the start up cash and the amount and source of the start up cash.
- 820 KAR 1:058 Section 1 (3).

C. Prizes

- "Merchandise prize" means a non-cash prize given away at a charitable gaming event either as a game prize or a door prize. 820 KAR 1:001 Section 1 (59).
- "Purchased prize" means any merchandise prize that was purchased and not donated. 820 KAR 1:001 Section 1 (59).
- If a merchandise prize or discount is available to everyone, it is considered a promotional item and counted as an expense. 820 KAR 1:046 Section 9 (1).
- If a merchandise prize or discount is not available to everyone and it is awarded as a bingo prize it must:
 - Be included in the \$5,000 per session bingo payout limit at its fair market value; and
 - Be included in expenses for purchased prizes at actual cost unless it is a gaming supply and then it must be included in supplies expense at actual cost.

820 KAR 1:046 Section 9 (2).
- The fair market value of bingo paper, a CMD, or pulltabs given away as a merchandise prize is the price that a patron would have paid for the same bingo paper, CMD, or pulltab at that gaming occasion. 820 KAR 1:046 Section 9 (3).

D. Coupons and Gift Certificates

- If an organization offers coupons for bingo paper or a card-minding device, a voucher must be completed when the coupon is redeemed. 820 KAR 1:058 Section 1 (4).
- The coupon and voucher must be retained with the gaming occasion records. 820 KAR 1:058 Section 1 (4).
- If an organization offers coupons for pulltabs, the pulltabs given away must be recorded on the gaming occasion records and on CG-FIN

Attachment C and D. The coupon must be retained with the gaming occasion records. 820 KAR 1:058 Section 1 (5).

- If the organization sells gift certificates for bingo paper or a card-minding device, the receipts for the sale must be counted as gaming receipts on the day they are received. 820 KAR 1:058 Section 1 (6).
- When the gift certificate is redeemed, a voucher must be completed and the gift certificate and the voucher must be retained with the gaming occasion records. 820 KAR 1:058 Section 1 (6).
- If the organization sells gift certificates for pulltabs, the receipts for the sale must be counted as gaming receipts on the day they are received. 820 KAR 1:058 Section 1 (7).
- When the gift certificate is redeemed, the pulltabs given away shall be recorded on the gaming occasion records and on CG-FIN Attachment C and D. The gift certificate must be retained with the gaming occasion records. 820 KAR 1:058 Section 1 (7).

E. Vouchers

- Vouchers are only necessary in the following instances:

	Promotional	Door Prize	Bingo or Pulltab Game Prize
Bingo Paper	Listed on program	Voucher	Voucher
CMD	Listed on program	Voucher	Voucher
Pulltabs	Listed on program	Listed on program	Treat as cash payout; purchase from pulltabs

- The voucher must be completed with:
 - The name, address, and phone number of the patron redeeming the voucher;
 - The date on which it was awarded;
 - The date on which it was redeemed;
 - The amount of bingo paper or card-minding devices awarded in exchange for the voucher; and
 - The serial number of the bingo paper.

- Once the voucher is completed, it must be redeemed for the bingo paper or card-minding device. 820 KAR 1:036 Section 2 (17) (c).
- The voucher must be retained with the session records. 820 KAR 1:036 Section 2 (17) (d).

F. Bingo Records

1. Bingo Paper Sales Records

- Bingo paper sale records must contain the following information:
 - Attendance is determined by a headcount of the number of people playing bingo;
 - Each type of bingo paper being sold;
 - The serial number of the set of each type of paper sold;
 - The number of each type of bingo paper given away with the voucher being redeemed attached to the gaming occasion records, if applicable;
 - The number of each type of bingo paper destroyed;
 - Number of each type of bingo paper sold;
 - Price of each type of bingo paper sold;
 - Number of pickle jar, bonanza ball, or hot ball games sold;
 - The price of pickle jar, bonanza ball, or hot ball games and whether the price is per person or per pack;
 - The number of player pick bingo games sold;
 - The price of each player pick bingo game sold;
 - The amount of money expected to be received from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that occasion;
 - The amount of money actually received from the sale of bingo paper, player pick, and pickle jar, bonanza ball or hot ball for that occasion;
 - The cash short or cash over from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that occasion;
 - The sales report printed from the player pick machine that includes the number of games sold, price for each game, and the amount of money expected from the sale of player pick games for that game occasion; and
 - A copy of the gaming occasion program which must include:
 - The organization's name and license number;
 - A specific description of all bingo products for sale and the price of each product; and

- All bingo games played and the payout and alternate payout if any, for each game; and
- Form CG-VOL. 820 KAR 1:058 Section 2 (1).

2. Progressive bingo game records

- Progressive bingo game records must contain the following information:
 - The name of each progressive bingo game in play;
 - The amount carried over from the previous occasion;
 - The receipts from the current occasion;
 - The amount paid out for the current occasion; and
 - The amount carried forward to the next occasion.
- 820 KAR 1:058 Section 2 (2).

3. Bingo payout records

- Bingo payout records must contain the following information:
 - A list of all bingo games that will be played at that gaming occasion;
 - Each pickle jar, bonanza ball, or hot ball game available to be awarded;
 - The prize expected or available to be awarded for each bingo game and door prize;
 - The prize that was actually awarded for each bingo game and door prize;
 - A notation for the prize awarded for each bingo game and door prize, specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise, the cost of the merchandise and the fair market value of the merchandise;
 - If a voucher was issued for card-minding devices, or bingo paper, the fair market value of the CMD, or bingo paper;
 - The total amount of all cash awarded for bingo prizes and door prizes;
 - The total amount of all checks issued as bingo prizes and door prizes;
 - A grand total of cash, checks, and the fair market value of merchandise awarded for bingo prizes and door prizes, which must not exceed \$5,000;

- If a check from the organization's charitable gaming checking account was issued as a prize instead of cash, the number of the check; and
- If a pulltab is awarded as a bingo prize:
 - The person in charge of bingo payouts must purchase the pulltabs from the pulltab manager by transfer of cash from bingo payout to pulltab sales;
 - It must be recorded as a cash payout on the bingo payout session record;
 - It must be included as a gross receipt on the pulltab session record; and
 - It must be included as a gross receipt on CG-FIN Attachment C and D.
- If pulltabs are given away as a door prize, the amount given away:
 - Must be included as a gross receipt on the pulltab session record and on CG-FIN Attachment C and D;
 - Must be listed on the pulltab session record as given away;
 - Must be included at fair market value on CG-FIN Attachment B to determine compliance with the \$5,000 payout limit;
 - Must be deducted from gross receipts on CG-FIN Attachment C and D; and
 - Must not be listed as a purchased prize on CG-FIN Part 1 line 2.
- If pulltabs are given away as a promotional item, the amount given away:
 - Must be included as a gross receipt on the pulltab session record and on CG-FIN Attachment C and D;
 - Must be listed on the pulltab session record as given away;
 - Must be deducted from gross receipts on CG-FIN Attachment C and D; and
 - Must not be listed as a purchased prize on CG-FIN Part 1 line 2.

820 KAR 1:058 Section 3.

G. Card-minding device records

1. General Provisions

- CMD records must contain the following information:
 - The type of programs loaded, including the number of faces;
 - The number of units rented for each type of program;
 - The number of each type of CMD given away, with the redeemed voucher attached to the gaming occasion records;
 - The number of units voided for each type of program;
 - The price per unit for each type of program;
 - The amount of money expected to be received from the rental of CMD;
 - The actual amount of money received from the rental of CMD for that gaming occasion;
 - The cash short or cash over from the rental of CMD for that gaming occasion;
 - The total sales activity report; and
 - A copy of the gaming occasion program, which must include:
 - The organization name and license number;
 - A specific description of all bingo products for sale and the price of each product; and
 - All bingo games played and the payout and alternate payout, if any, for each game; and
 - Form CG-Vol. 820 KAR 1:058 Section 4.

H. Pulltab Records

1. Regular Pulltabs

- Pulltab records must contain the following information for each session:
 - The name, serial number, and form number of all games played;
 - The name of all progressive jackpot games in play during that session;
 - The ticket count for each pulltab game sold;
 - The price for each ticket;
 - The prize expected or available to be awarded for each pulltab game including the progressive jackpot games;
 - The name, serial number, form number, and quantity of pulltab tickets given away as a door prize or a promotional item,
 - If a pulltab is awarded as a pulltab prize:

- The person in charge of pulltab payouts must purchase the pulltabs from the deal being awarded as the prize by transfer of cash from the deal being sold to the deal being awarded as the prize;
 - It must be recorded as a cash payout for the deal being sold; and
 - It must be included as a gross receipt for the deal being awarded as a pulltab prize and on CG-FIN Attachment C and D.
- The prize that was actually awarded for each pulltab game specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
- If a voucher was issued for card-minding devices, or bingo paper, the fair market value of the CMD, or bingo paper;
- If a pulltab game was played in communication with a progressive jackpot game as designed by the manufacturer, the amount contributed to the progressive jackpot;
- The cash short or cash over for each pulltab session;
- The total amount of all cash awarded for pulltab prizes;
- The total amount of all checks issued as pulltab prizes;
- The total cost of all merchandise awarded for pulltab prizes;
- If a check from the organization's charitable gaming checking account was issued as a pulltab prize instead of cash, the number of the check;
- The total amount of money from any incomplete sale of pulltab games; and
- Form CG-Vol. 820 KAR 1:058 Section 5 (1).

2. **Progressive Pulltab records**

- Progressive pulltab records must contain the following information:
 - The name of each progressive pulltab jackpot game in play;
 - The amount carried over from the previous occasion;
 - The receipts from the current occasion;
 - The amount paid out for the current occasion;
 - The amount carried forward the next occasion;
 - The serial number of all games that contributed to the prize pool; and
 - Form CG-Vol. 820 KAR 1:058 Section 5 (2).

I. Raffle Records

1. Strip Tickets or \$1 raffles

- If strip tickets are used, the raffle records must contain the following information:
 - The beginning and ending serial number or ticket number for each roll of tickets sold or the beginning and ending number of the tickets printed;
 - The quantity of tickets sold;
 - The sales price of the tickets;
 - The date of the raffle;
 - The total amount of money collected for the raffle event;
 - The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
 - Total cash short or cash over amount from raffle ticket sales for the raffle event;
 - A list of all raffle prizes awarded;
 - A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
 - The total amount of all cash awarded for raffle prizes;
 - The total amount of all checks issued as raffle prizes;
 - If a check from the organization's charitable gaming checking account was issued as a prize instead of cash, the number of the check;
 - Each winning ticket stub; and
 - A list of all raffle expenses, including a copy of all invoices supporting each expense.

2. More than \$1 ticket to less than \$50 ticket raffles

- If the raffle tickets sell for more than one (\$1) dollar but less than fifty (\$50) dollars, the raffle records must contain the following information:
 - The number of raffle tickets printed;
 - The sales price for each ticket;
 - The date the ticket sales began;
 - The date the raffle drawing was held;
 - A voided raffle ticket or copy of a raffle ticket;
 - The total amount of money collected for the raffle event;

- The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
- The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
- Total cash short or cash over amount from raffle ticket sales for the raffle event;
- A list of all raffle prizes awarded;
- A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
- The total amount of all cash awarded for raffle prizes;
- The total amount of all checks issued as raffle prizes;
- If a check from the organization's charitable gaming checking account was issued as a prize instead of cash, the number of the check;
- Each winning ticket stub; and
- A list of all raffle expenses including a copy of all invoices supporting each expense.

3. \$50 or more ticket raffles to less than \$100 ticket raffles

- If the raffle tickets sell for fifty (\$50) dollars or more but less than one hundred (\$100) dollars, the raffle records must contain:
 - All of the information listed in 2 above; and
 - If tickets are given to volunteers to sell, a list of each volunteer's name which includes the total number of tickets and the range of ticket numbers given to them.

4. \$100 or over ticket raffles

- If the raffle tickets sell for one hundred (\$100) dollars or more, the raffle records must contain:
 - All of the information listed in 2 above;
 - If tickets are given to volunteers to sell, a list of each volunteer's name which includes the total number of tickets and the range of ticket numbers given to them; and
 - All unsold tickets.

5. Raffle recordkeeping chart

Records to be kept based on ticket price	\$100 or more	\$50 or more but less than \$100	More than \$1 but less than \$50	\$1 or less (strip)
Number of tickets printed	X	X	X	
Price	X	X	X	X
Date sales began	X	X	X	
Date of drawing	X	X	X	X
Voided copy of ticket	X	X	X	
Total money received from ticket sales	X	X	X	X
Total number of ticket stubs	X	X	X	
Money that should have been received from ticket sales	X	X	X	X
Cash short or over	X	X	X	X
List of Prizes awarded	X	X	X	X
Notation of cash/check/merchandise and description of merchandise	X	X	X	X
Total amount of cash awarded for prizes	X	X	X	X
Total amount of all checks issued for prizes	X	X	X	X
If checks issued, check numbers	X	X	X	X
Each winning ticket stub	X	X	X	X
List of raffle expense and copy of invoices	X	X	X	X
Names of volunteers to whom tickets given to sell, number of tickets given, ticket numbers given	X	X		
Unsold tickets	X			
Ticket numbers (beginning and ending serial # of roll of strip tickets or beginning and ending ticket #s of printed tickets)				X

J. Charity fundraising event records

- Must contain:
 - The name of each game of chance played;
 - The price to play each game of chance;
 - The amount of money received from the sale of each game of chance;
 - The grand total of adjusted gross receipts received from the sale of all games of chance;
 - The total amount of all checks issued for each game of chance prize and door prize;
 - The total cost of all merchandise awarded for each type of game of chance prize and door prize;
 - If a check from the organization's charitable gaming checking account was issued as a prize instead of cash, the number of the check; and
 - If bingo games, pulltab games, or raffles are conducted, accurate records of these games.

820 KAR 1:058 Section 7.

- If the charity fundraising event continues for more than one (1) day, a summary of the required information for each day. 820 KAR 1:058 Section 7.
- If special limited games are played at a CFE, the records must contain:
 - The name of each game to be played;
 - The gross receipts for each game for each day of the charity fundraising event; and
 - A list of all merchandise prizes awarded.

820 KAR 1:058 Section 7.

K. Special Limited Charity Fundraising Events Records

- Must contain:
 - The name of each type of game of chance played;
 - The quantity of scrip, chips, or imitation money the central bank started with prior to any sales, and the corresponding cash amount associated with each denomination of scrip, chips, or imitation money;
 - The quantity of scrip, chips, or imitation money the central bank sold during the special limited charity fundraising event;

- The amount of money received by the central bank from the sale of scrip, chips, or imitation money;
- Cash short or cash over from the sale of scrip, chips, or imitation money;
- The quantity of scrip, chips, or imitation money collected by the central bank and redeemed for prizes;
- Prizes awarded by the central bank; and
- A notation for prizes awarded specifying whether each prize was cash, check, or merchandise, and if merchandise, a description of the merchandise and the cost and fair market value. 820 KAR 1:058 Section 8 (1).
- If the special limited games are played as a tournament then:
 - You must keep attendance;
 - A CG-Vol must be completed and kept; and
 - You must have a program on which these things are listed:
 - The cost to enter;
 - The cost of the buy backs;
 - The cost of add ons;
 - The rules of the game;
 - The manner for raising blinds or closing tables; and
 - The prizes (which may be listed as a percentage of receipts.) 820 KAR 1:056 Section 8 (3).
- If bingo games, pulltab games, festival games, or raffles are conducted, accurate records of these games. 820 KAR 1:058 Section 8 (4).

XI. FINANCIAL REPORTS FOR ORGANIZATIONS

A. General Provisions

- You must submit a financial report to the Department either annually or quarterly. KRS 238.550(5).
- The report must be filed on Form CG-FIN which is available on our website, www.dcg.ky.gov. KRS 238.550(5).
- Your license can be revoked or denied if the reports are not filed. KRS 238.550(5).
- Organizations that have gross receipts of \$200,000 or less per calendar year and do not have a weekly bingo session will file the report annually. KRS 238.550(5).
- All other organizations will file the report quarterly. KRS 238.550(5).

B. Report

1. When due

- The annual financial report is due:
 - On or before January 31st for the previous year;
- The quarterly financial reports are due:
 - April 30 for the quarter January 1 to March 31;
 - July 31 for the quarter April 1 to June 30;
 - October 31 for the quarter July 1 to September 30; and
 - January 31 for the quarter October 1 to December 31.820 KAR 1:025 Section 1 (1).
- The fee imposed on gross gaming receipts must accompany the report. 820 KAR 1:025 Section 3.
- The financial report is considered filed when due if it has been:
 - Mailed to the Department by first class mail, postage prepaid, to the correct address and postmarked by the due date; or
 - Received in the office by hand-delivery on or before the due date. 820 KAR 1:025 Section 1 (2).

2. Late fine

- If the financial report or the fee is not filed when due, it is a violation and subject to disciplinary action under KRS 238.560(3). 820 KAR 1:028 Section 1.

3. What the report should contain

- The financial report must:
 - Be submitted on the “Licensed Charitable Organization Financial Report” form (CG-FIN) including ALL attachments;
 - Be completed in ink or typed;
 - Include the original signature and printed name of either the Chief Executive Officer or the Chief Financial Officer of the licensed charitable organization;
 - Include the original signature and printed name of the preparer if prepared by an individual other than the Chief Executive Officer or Chief Financial Officer; and
 - If an organization does not have any information to place on an attachment to the financial report, it shall indicate “not applicable” on the attachment. 820 KAR 1:025 Section 2 (1).

4. Inventory

- To complete the bingo paper supplies inventory page, the product description must be listed in the form of “# ON #UP” with:
 - The number “ON” being the number of bingo faces on a bingo paper sheet; and
 - The number “UP” being the number of bingo paper sheets contained in a bingo paper pack. 820 KAR 1:025 Section 2 (3).
- Only one (1) page of the inventory has to be signed. All other pages can be initialed. 820 KAR 1:025 Section 2 (4).

C. Expenses

- There are three (3) kinds of expenses:
 - Not allowed to be paid from any account:
 - For example – compensation of volunteers;
 - Allowed to be paid from the general account:
 - For example - office supplies, convention expenses, postage, legal fees; and
 - Only allowed to be paid from gaming account:
 - These are listed in statute and regulation.

1. Allowable Expenses from gaming account (KRS 238.550(9) and 820 KAR 1:120)

- Rent;
- Utilities;
- Electric;
- Gas;
- Water;
- Sewer;
- Telephone;
- Trash collection;
- Cable expenses for credit card services or card-minding devices;
- Insurance;
- Advertising, which includes:
 - Handouts;
 - Flyers;
 - Radio;
 - Television;
 - Advertising signs;
 - Billboards; or
 - Other media used to promote an event or activity required to be licensed and any printing costs associated with them.
- Janitorial services;
- Bookkeeping and accounting services;
 - Includes the costs of completing:
 - The financial report;
 - The federal excise tax form; and
 - The federal gaming forms.
 - Does not include:
 - Expenses associated with handling charitable gaming funds;
 - Preparing gaming occasion records; or
 - Ordering supplies.
- Security services;
 - A person whose sole duty is to promote and provide peace, order, and safety at a charitable gaming event which may include patrolling the parking lot or accompanying the organization's personnel to the bank or night depository with the charitable gaming receipts and shall not include costs for

security or alarm system or for special lighting for the building or parking lot.

- Trade organization dues (Kentucky Charitable Gaming Association);
- Bank fees for:
 - Monthly service charges;
 - Check verification service charges;
 - Check printing charges;
 - Charges relating to returned checks; or
 - Copying charges for bank records;
- Check reader or verification fees;
- Credit card fees;
- Food for volunteers;
- Clothing provided to volunteers;
- Raffle incentives;
 - Any noncash item not to exceed \$25 in fair market value given upon achieving a predetermined goal in a raffle, or
- Payments made to the Department;
- Printing:
 - Raffle tickets;
 - Gaming occasion programs;
 - House rules; and
 - Vouchers.
- Purchase prizes;
- Promotional items;
 - Means any item available at no charge to all participants at an event;
- Federal excise taxes;
- Fees associated with the filing of Internal Revenue Service Form 11-C; and
- Bad check collection fees.

2. Time for Reporting Expenses

- All expenses must be reported on the financial report for the date on which payment was made. 820 KAR 1:025 Section 4.
- This date is either the date a check was written or an electronic funds transfer was made, regardless of when the supplies were used or the services were rendered. 820 KAR 1:025 Section 4.

D. 40% Rule

1. Rule

- If the organization is licensed on January 1 then the net receipts must be at least 40% of the adjusted gross receipts for that calendar year. KRS 238.536(1).
- The 40% is calculated as follows:

Gross Receipts	(Total sales)	\$ 10,000
- Payouts	(Prizes awarded)	
<hr/>		
8,500	Adjusted Gross Receipts (Left at end of event)	
1,500		
Adjusted Gross Receipts (Left at end of event)		
1,500		
- Expenses	(Rent, Supplies and Equipment, etc.)	
<hr/>		
500		
Net Receipts	Profit	
1,000		
Net Receipts	Profit	\$1,000
Adjusted Gross Receipts	Left at end of event	\$1,500
		= 66.6%

Therefore, the organization has complied with the 40% rule.

- The percentage is rounded up to the nearest tenth. KRS 238.536(2).
- The retention requirement still applies if the license has expired or lapsed. KRS 238.536(1).
- The following expenses (fees and taxes) are excluded from the calculation of the retention percentage:
 - Fees paid to the Department;
 - Any sales or use tax paid on charitable gaming supplies and equipment by a licensed charitable organization; and
 - Any federal excise taxes paid by a licensed charitable organization. KRS 238.536(1).

2. Penalty (KRS 238.536(2))

- If a charity falls below 40%, it will be placed on probation except as set forth below. KRS 238.536(2).

- If the organization falls below 25% for one (1) year or below 40% for two (2) years in a row, its license will be suspended for a year. KRS 238.536(2).
- The suspension begins on the date of notification to the organization by the Department unless appealed. If appealed, the date of suspension begins on the date of the final order. KRS 238.536(2)(e).
- If the license is suspended, the organization must submit an acceptable financial plan before obtaining a new license and once the license is obtained, the organization will be on probation for one (1) year and subject to quarterly review. KRS 238.536(3).

3. Be aware of your retention average

- The organization is now required to calculate its retention average on the financial report each time it is filed.
- The organization should also determine if it has unpaid bills that need to be included to determine the actual retention.
- The organization should review its retention periodically to determine if there are ways to maximize its gaming dollar for use by the organization.
- If below 40%, the organization should determine exactly how much of an increase in revenues is needed to bring the retention percentage to the required 40%. The accounting section can assist the organization with that calculation or the organization can calculate it themselves.
- Once you determine the required increase in receipts, decide what changes in the program are necessary.
- If the organization is not below the 40%, then it should review the retention to determine if there are ways to make more money and spend less money.

E. Ways to Increase Net Receipts

1. Set Payout Based on Attendance

- You may do this for all games or just certain games –

# of players	Under 100	100 to 125	125 to 150	Over 150
Early Bird games	\$10	\$15	\$15	\$20
Main Pack games	\$75	\$100	\$125	\$150

OR

- Just one game on the program –

1-5 Early Bird	\$25 each		
6. Double	\$100		
7. Double	\$100		
8. Kite	\$125		
9. Diamond	\$125		
10. Coverall	Attendance	Under 100 Patrons	\$200
		100 to 125	\$250
		125 to 150	\$350
		Over 150	\$500

2. Use Progressive or Jackpot Bingo Games with changing payouts

a. Payout goes down if bingo is not within set numbers

- This may be done by paying out certain amounts if hit within a certain amount of numbers.
- The possible maximum amount awarded must be figured into the \$5,000 payout limit when calculating the payout on the program because it will get hit periodically.
- You should record the actual payout on the gaming occasion record.
- The rules of the game and the payout should be listed on the gaming occasion program.
- Example: Coverall

48 Numbers	\$1,000
49 Numbers	\$500
50 Numbers	\$400
51 Numbers	\$300
52 Numbers or more	\$200
- This example shows an \$800 potential savings if not hit until after fifty-two (52) numbers are called. Over a year if the organization is playing two (2) nights a week, a potential \$83,200 increase in profit is realized by this method. Of course it will be hit every once in a while, but not often.

b. Payout goes down if bingo is not within increasing numbers

- Another example is to weekly increase the number of balls that are to be called to qualify for a bingo.
- The large payout amount is permanent when bingo is called at the number of balls indicated for that week.
- However, if bingo is not called by the number of balls indicated, the payout will fall to a certain permanent amount.
- Example: Overall

Week one		Week two	
46 numbers	\$1000	47 numbers	\$1000
47 or more numbers	\$200	48 or more numbers	\$200

Week three		Week four	
48 numbers	\$1000	49 numbers	\$1000
49 or more numbers	\$200	50 or more numbers	\$200

- This progression continues until the \$1000 is hit. The week after the \$1000 is hit the number goes back to 46. As the number grows the crowds should grow. You will eventually pay the \$1000 out, but you will realize the increase in profit.

3. Use a Pickle Jar, Hot Ball or Bonanza Ball

- Use a permanent amount for your pickle jar. If the pickle jar is not hit the money is not paid out.
- This can be successful when you establish the amount of payout higher than what it would be if it were a regular pickle jar.
- Some patrons may choose not to play since the pickle jar is not paid out every night. However, some patrons will choose to play since the winner receives more money than they normally would when it is awarded.
- Example:
 - Pickle jar is established at the permanent amount of \$500.
 - This amount will count against your \$5000 maximum payout if hit but the organization keeps the money if not hit.
 - Two hundred and fifty one (251) players pay \$1.00 to get in the pickle jar.
 - The caller selects a number from the bingo machine that will be the pickle jar number that session.
 - If a player bingos on the pickle jar number he/she wins the \$500 in addition to the prize for the game being paid.

- If no one hits the pickle jar during the session the money is not paid out.
- The money is then profit for the organization.
- Your organization would realize the profit of \$251 paid to get in the pickle jar.
- At an average of \$200 a session with two (2) sessions a week, the profit could be \$20,800.
- The pickle jar will be hit at various times but the potential for profit is obvious.
- Two or more pickle jars can be established in a session using this system.

4. Use Pulltabs more effectively

a. At the bingo session

- Make sure you have a volunteer pulltab manager who understands the crowds and their tendencies.
- Putting the wrong game or wrong size on the floor can kill sales.
- Ideally a good manager will have games on the floor that turn over quickly to keep the money flowing.
- Not having enough volunteers on the floor can cause sales to slip. Try to recruit as many volunteers as possible.

b. At the office or gaming location

- An organization may sell pulltabs at the location that the organization is licensed to game which includes the facility and the office location.
- If an organization is planning to conduct these types of sessions, the organization should list these dates in its license application or obtain a date, time, and location request when it determines the dates it will be conducting this type of gaming.
- The lease with the facility must indicate that the organization has the authority to use the gaming space (whether rent is charged or not).
- The lease must also include any rent, expenses or special conditions.
- Gaming occasion records must be kept of these sales and included in the financial report the organization submits.
- All rules related to pulltabs remain in effect and must be followed including:
 - A chairperson must be present at any and all times pulltabs are sold;

- Paid employees of the organization (such as bartenders) can be approved as chairpersons but must be listed on the application and approved by the Department;
 - All pulltabs are to be obtained through a licensed distributor;
 - All pulltab deals must be recorded and records kept indicating the information required according to the regulations;
 - Financial reports must reflect all deals sold, payouts and profits made; and
 - All moneys are to be handled through the gaming account.
- c. **Consider selling pulltabs at special functions at offsite locations**
 - An organization may sell pulltabs at an off site location if a special license is obtained.
 - Consider setting up a booth or renting a space to sell pulltabs, conduct raffles or do other types of gaming at county fairs, festivals, etc.
- 5. **Add more Raffles**
 - Several different kinds of raffles may be conducted by organizations.
 - Raffles may be conducted during the bingo session or separately.
 - The raffles regulation has been modified to make it easier for organizations to conduct raffles.

F. Ways to Cut Expenses

1. Rent

- The organization should attempt to renegotiate the amount of rent being paid on the current lease.
- The organization should also investigate the possibility of gaming in its office location, moving to a different facility, or renting its own facility in which to game.
- Using its own facility in which to game also opens up the possibility of renting to other organizations and making additional revenue.
- The organization may also need to consider giving up bingo and concentrating on other types of gaming that are less expensive, i.e., raffles, special events, etc.

2. Supplies

- The organization should make a list of the supplies most often used and check the availability and price from several different distributors. Some supplies can only be obtained from certain distributors. A list of all licensed distributors is available on the website, www.dcg.ky.gov.
- The organization should also determine if there are any special deals that are available. For example, you may be able to buy supplies in bulk and get a bigger discount.
- Most distributors will have an open house and have specials during these open houses.
- If your organization is using computers attempt to negotiate a cheaper price per unit. You might want to price check distributor prices and use it as a bargaining tool.

3. Eliminate unnecessary expenses

- **Security**
 - Is there a cheaper alternative? or
 - Get someone to volunteer to provide this service.
- **Food for volunteers**
 - \$10 is allowed per volunteer but not required;
 - This can easily add up to \$100 or \$200 a night if you have a lot of volunteers;
 - There are several alternatives:
 - Stop this benefit for volunteers;
 - Order pizza (must be paid for from the gaming account if not paid by a member); or
 - Have volunteers bring food.
- **Clean up**
 - Get someone to volunteer to do it

G. Financial Plans

1. General Provisions

- A financial plan is a good idea for all organizations whether or not required.
- Organizations that fail to retain 40% are required to submit an acceptable financial plan detailing the corrective actions it will take to

- achieve the 40% by the end of the calendar year in which the probation was imposed.
- A good financial plan will give your organization a good management tool to use to gauge your performance for the rest of the year.
 - A good financial plan prepared at the beginning of each year will enable your organization to continually evaluate your 40% performance whether your organization is on probation or not.
 - A good financial plan that is acceptable to the Department is required in order for your organization to meet its probationary requirements.
 - A plan should include expected attendance, the anticipated gaming program, projected gross receipts, anticipated expenses, and alternatives in case these projections are not correct. These projections can be made by observing the other games in the area to determine average attendance, receipts, payouts, etc.

2. Narrative

- The plan should include a narrative explanation showing the basis for the estimates, i.e., we are negotiating with our facility owner to lower our rent, or we are going to stop using the cleaning service and have our volunteers do the cleanup.
- If the plan is required because of a 40% problem and you have determined what you believe to be the cause of the problem, the narrative should discuss what is being done to alleviate the problem. If you are preparing one for your own use, the narrative should describe the areas you believe need improvement.
- This narrative should be put into numbers. If your facility owner will lower your rent, calculate how much that will save you over the rest of the year.
- If you are going to try and increase your attendance by introducing more popular games or some other marketing technique, put that into numbers. This would be the increased attendance multiplied by what you reasonably think that they will spend.
- Be realistic and underestimate. An over inflated plan will not help you in the long run.
- The compliance officer, accounting staff, and auditors can assist organizations with the estimates and the preparation of the plan.

3. Unacceptable Financial Plans

a. A plan without enough detail:

- “We are going to talk to our facility owner about reducing rent” or “we are reducing our rent from \$850.00 to \$600.00 per session, and getting a reduction in our supplies expense. We hope to change to another night to attract more customers.”

b. A plan in which the retention is not above 40%:

Bingo Gross Receipts	=	\$1,500,000.00
Pulltab Gross Receipts	=	\$2,500,000.00
Total Gross Receipts	=	\$4,000,000.00
Minus Total Payouts		\$3,500,000.00
Adjusted Gross Receipts (AGR)		\$ 500,000.00

Expenses	
Supplies	\$150,000.00
Equipment	\$ 50,000.00
Card-minding	\$ 50,000.00
Facility rent	\$ 62,400.00
Total expenses	\$312,400.00
NET AGR (AGR-EXP)	\$187,600.00

Percentage of retention = $\text{NET AGR} / \text{AGR} = \$187,600 / 500,000 = 37.52\%$

c. A plan with math errors:

Bingo Gross Receipts	=	\$1,500,000.00
Pulltab Gross Receipts	=	\$2,500,000.00
Total Gross Receipts	=	\$4,000,000.00
Minus Total Payouts		\$3,500,000.00
Adjusted Gross Receipts (AGR)		\$ 500,000.00

Expenses	
Supplies	\$150,000.00
Equipment	\$ 50,000.00
Card-minding	\$ 50,000.00
Facility rent	\$ 62,400.00

Total expenses	\$300,000.00	(should be
\$312,400)		
NET AGR (AGR-EXP)	\$200,000.00	(should be
\$187,600)		

Percentage of Retention = NET AGR/AGR = \$200,000/500,000= 40.00%
(really is 37.5%)

4. Acceptable Financial Plans

We are reducing our rent from \$850.00 to \$600.00 per session and getting a reduction in our supplies expense of approximately \$200 a month. We are changing to another night to attract more customers. We anticipate that the new night will attract fifty (50) more customers. Our customers spend approximately \$50 a night. Therefore, receipts should increase \$2,500 a session. The numbers are set out below:

Bingo Gross Receipts	=	\$1,500,000.00
Pulltab Gross Receipts	=	\$2,500,000.00
Total Gross Receipts	=	\$4,000,000.00
Minus Total Payouts		\$3,500,000.00
Adjusted Gross Receipts (AGR)		\$ 500,000.00

Expenses	
Supplies	\$100,000.00
Equipment	\$ 50,000.00
Card-minding	\$ 50,000.00
Facility rent	\$ 62,400.00
Total expenses	\$262,400.00
NET AGR (AGR-EXP)	\$237,600.00

Percentage of Retention = NET AGR/AGR = \$237,600/500,000= 47.52%

XII. PROTECTING YOUR MONEY

A. Internal Control

- One of the ways to protect the organization is to have adequate internal controls.
- One of the basic principles for establishing internal control is the separation of duties.
- As it relates to charitable gaming, this principle requires that a single person should not be responsible for preparing records and handling money related to those records.

1. Handling Receipts

- Cash is easily mishandled either through theft or carelessness.
- Because cash is easily traded, spent, and transported, it is important for proper internal controls be in place to protect this asset.
- Checks can also be mishandled.

a. Separation of Duties

- The following internal controls should serve as a guide to help most charitable organizations develop controls in the handling of receipts:
 - Receipt duties should be appropriately separated.
 - Different persons should:
 - Receive money;
 - Record these receipts in the accounting records;
 - Prepare the deposit.
 - If multiple people are not available to carry out these duties, all receipt operations should be reviewed and approved by someone in addition to the person receiving the funds and making the records.

b. Record receipts as soon as possible

- Most thefts of cash occur before a record is made of the receipt.
- A record of all receipts should be prepared as soon as they are received.
- Once a record is made, it is easier to trace a mistake or theft.
- DCG recommends that a cash register or other system be used to process charitable gaming sales if possible.

c. Checks

- Checks received during charitable gaming occasions should be made out to the “Charitable Gaming Organization.”
- No patron should be allowed to make a check payable to an individual or “cash.”
- All checks received should be restrictively endorsed immediately “For Deposit Only – Charitable Gaming Organization.”
- All checks received should be accurately dated. Post dating or “holding” checks is not allowed by the Department if it violates the two (2) business day deposit rule.

d. Prize Payouts

- A record of prize payouts should be recorded as soon as the prize is given away.
- It should include if the prize was paid in cash, by check, or if it was a merchandise prize that was purchased or donated.

e. Deposit Reconciliation

- A reconciliation of money available for deposit and the amount of money expected to be deposited must be made.
- A method should be in place to:
 - Count the number of items that were sold;
 - Record a dollar amount for each item sold; and
 - Determine the amount of money that should have been received from selling those items.
- Any shortages or overages that were determined in the reconciliation process should be noted, investigated, and reported to the CEO and CFO of the organization.

f. Deposit

- All cash and check receipts should be deposited as soon as feasible, preferably on the day they are received or on the next business day. Un-deposited cash is more susceptible to misappropriation.
- The receipts must be deposited into the charitable gaming checking account within two (2) business days of the charitable gaming event.

2. Handling Payments

- Proper approval for all disbursements should be obtained, and a permanent record of each disbursement should be created.
- All checks should be consecutively numbered, and access to checks should be limited to employees or officers authorized to write checks.
- Approved documents should be required to support all checks issued. Prepare and sign checks only when supported by adequate documentation and verification.
- The employee or officer authorizing check disbursements should make certain that payment is for a legitimate purpose and is made out for the exact amount and to the proper party.
- When invoices are paid, the supporting documents should be stamped “paid” and the date and number of the check issued should be indicated. These procedures lessen the chance of paying the same debt more than once.
- Preferably, two (2) signatures should be required on each check so that one (1) person alone cannot withdraw funds from the bank account.
- If possible, the employee or officer who authorizes payment of a bill should not be allowed to sign checks. Otherwise, the checks could be written to pay fictitious invoices.
- Those employees or officers who sign checks should not have access to canceled checks and should not prepare the bank reconciliation. This policy makes it more difficult for an employee or officer to conceal a theft.
- Whoever prepares the checks for mailing should be a different person than the ones who prepared the check for signing and actually signed the check.

3. Bank Statement Reconciliation

- The bank reconciliation should be prepared each month, preferably by an employee or officer who has no other cash duties, so that errors and shortages will be quickly discovered.

4. Voided Checks

- All checks incorrectly prepared should be voided. These checks should be physically marked “void” and retained to prevent their unauthorized use.

XIII. DEPARTMENT OF CHARITABLE GAMING

A. Organization of the Department

- The Department of Charitable Gaming is composed of the Commissioner's office including two (2) divisions, the Division of Licensing and Compliance, and the Division of Enforcement. The Department of Charitable Gaming also works with the Office of Legal Services who has an attorney assigned to the Department.
- The Commissioner's Office is responsible for all aspects of the administration of the Department including budget, personnel, computer technology and management of the physical plant. This office also acts as the cabinet and legislative liaison.

B. Licensing and Compliance

- The Licensing and Compliance division is composed of two (2) branches, licensing and compliance.

1. Licensing

- The licensing branch personnel review the license applications from all entities, send deficiency letters if required, refer the applications for criminal history checks, review exempt status of organizations, issue licenses and process any changes requested in the licenses.
- Also, included in the licensing branch is the accounting section. They review and reconcile the financial reports filed by the organizations, process the fees for all licensees and calculate the retention rate of the organization based on their financial reports at the conclusion of the calendar year.

2. Compliance

- The compliance branch consists of charitable gaming compliance officers located throughout the state. The compliance officers conduct on-site inspections of licensed charitable gaming activity to ensure adherence to applicable charitable gaming statutes and administrative regulations.
- The compliance officers also conduct office inspections and provide training.

- They may also be asked to investigate complaints or assist with audits or investigations.

C. Enforcement

- The Division of Enforcement has two (2) branches, audit and investigation.

1. Audit

a. Auditors

- The audit branch has auditors located throughout the state and is headed by a certified public accountant. The auditors conduct in-depth audits of charitable gaming activities to ensure that high standards of accounting, recordkeeping and reporting of charitable gaming receipts are met.
- The results of such audits may lead to an administrative action against the charitable organization's license.

b. How an audit is performed

- Before an audit, the Department:
 - Makes copies of the Financial Reports, Licenses, License Applications, and Inspection Reports;
 - Requests invoices from distributors;
 - Contacts the compliance officer;
 - Calls the CEO and CFO to set an audit date; and
 - a. Sends a confirmation letter to the organization which asks for certain records to be made available.
- On the day of the audit there will be an initial meeting between the auditor and the representative of the group where an Internal Control Questionnaire will be completed. The auditor will also verify that the requested records are available.
- After the meeting, the auditor will review information from the session records and bank records. This review includes copies of the gaming account checks, and the general account checks to determine if gaming expenses were paid from general account. The auditor will also verify transfers between the two (2) accounts.
- The auditor will also randomly check seal cards and pulltabs.

- The auditor may also review minutes from the Board of Directors meetings to determine if the operation of the organization matches that set forth in the by-laws and internal control questionnaire.
- After the field work is complete, the auditor will meet with a representative of the organization to review findings and answer questions.
- The auditor will then do calculations and comparisons of the records reviewed and compare it to the information obtained from the distributor. This may take several months.
- When the review is complete, the auditor will then report the findings to the organization in a Preliminary Audit Report to which the organization may respond within thirty (30) days. A Final Audit Report is then issued which includes organization's response.
- If violations are found, they are referred to the Office of Legal Services for possible administrative action which can include a cease and desist letter, fines and in rare instances, suspension or revocation.
- After receiving the Final Audit Report, the organization should review its procedures and make any changes necessary, if they have not already done so.

2. Investigators

- The investigation branch also has investigators located throughout the state.
- Investigators have the powers of peace officers and take an oath to enforce the criminal statutes of Kentucky, especially those that pertain to the diversion of charitable gaming funds from charitable gaming activities.
- The investigators' main function is to protect the organizations from persons that would take charitable gaming funds for their personal use.
- Because of the responsibility of our sworn authority, there will be times that they investigate complaints and allegations of criminal wrongdoing and take criminal action against individuals associated with licensed charitable gaming entities.
- Criminal allegations include theft, forgery, criminal possession of a forged instrument, promoting gambling, possession of a gambling device, participating in a continuing criminal enterprise, tax evasion and money laundering.

- The results of these investigations could result in administrative action or civil and/or criminal action.
- The investigators work jointly with federal prosecutors, federal law enforcement agencies, the Kentucky State Police, local law enforcement, local prosecutors, and other state agencies.

XIII. ADMINISTRATIVE ACTIONS

A. Problems and Violations

- The Department has the power to prosecute administrative actions for violations of the statute and regulations. KRS 238.560(3).
- When a violation is discovered, a notice of violation will be written and forwarded to the division director to refer to the Office of Legal Services with a recommended penalty.

B. Office of Legal Services

- The organization then receives a Notice of Proposed Administrative Action from the Office of Legal Services which includes the penalty.
- When the organization receives this notice, it may accept the penalty or appeal the action.
- If the action is appealed, the Office of Legal Services refers it to an Administrative Hearing Officer for hearing.
- The hearing officer may have several telephonic pre-trial conferences to sort out the issues, attempt to resolve the matter, and prepare the matter for hearing.
- If the matter cannot be resolved during a pre-trial conference, it is set for hearing. The Office of Legal Services will file pre-trial compliance which lists the witnesses and documents that will be used.
- At the hearing both sides will present evidence and the hearing officer will make a recommended finding of facts, conclusions of law, and order.
- If the organization or the Department does not believe that these findings reflect what occurred at the hearing, exceptions may be filed.
- The Commissioner reviews these findings and any exceptions and drafts the final order.
- If the organization does not agree with the final order, it may appeal to circuit court.

XV. APPENDIX

- A.** Sample completed CG-1
- B.** Sample completed Form CG-Schedule A
- C.** Sample Bingo Program
- D.** Sample Texas Hold'em Program
- E.** Sample Raffle Ticket
- F.** Raffle Ticket Chart
- G.** Raffle Recordkeeping Chart
- H.** CG-VOL Volunteer Sign Up Sheet